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|---|---|---|---|---|---|
| Austria | Sch. 18 | Indonesia | Rp 2500 | Portugal | Esc 80 |
| Bahrain | Din 0.650 | Italy | L 1300 | S. Arabia | Rls 6.00 |
| Belgium | BFr 42 | Japan | Y550 | Singapore | S$ 4.10 |
| Canada | C$1.00 | Jordan | Fils 500 | Spain | Pta 110 |
| Cyprus | C£0.60 | Kuwait | Fils 500 | Sri Lanka | Rup 30 |
| Denmark | DKr 7.25 | Lebanon | £L 6.00 | Sweden | Skr 6.50 |
| Egypt | E£1.00 | Luxembourg | LFr 42 | Switzerland | SFr 2.20 |
| Finland | Fmk 6.00 | Malaysia | Rm 4.25 | Taiwan | NT $95 |
| France | FFr. 6.00 | Mexico | Pes. 300 | Tunisia | Din 0.500 |
| Germany | DM 2.20 | Morocco | Dh 6.00 | Turkey | L 210 |
| Greece | Dr 78 | Netherlands | Fl 2.50 | U.A.E. | Dh 6.50 |
| Hong Kong | HK$ 12 | Norway | NKr 6.00 | U.S.A. | $1.00 |
| India | Rup. 15 | Philippines | Pes. 20 | | |


# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,748 Wednesday October 9 1985 D 8523 B



**Budget ghost at Mr Baker's Seoul feast, Page 16**


## World news

# Tories challenge Kinnock record

**British ministers mounted a concerted attack at the beginning of the Conservative Party conference on the record of Labour Party leader Neil Kinnock in an attempt to prevent any revival in his party after its recent conference.**

Conservative strategists recognise that Kinnock's two successful speeches attacking the Labour Party's hard-left have boosted him and his party's standing.

Conservative chairman Norman Tebbit accused Kinnock of saying nothing during the year-long miners' strike and of having to follow the lead of the big union bosses. Page 8

### Lesotho shelled

Radio Maseru in independent Lesotho said an armed South African-trained terrorist had been arrested and that a Maseru suburb had been shelled from South Africa.

### Brussels blast

The extremist Fighting Communist Cells guerrilla group said it planted a car bomb that wrecked gas company offices in Brussels.

### Greenpeace warned

French navy formally warned the anti-nuclear protest ship Greenpeace to stay outside a 12-mile territorial zone around France's nuclear test site in the South Pacific.

### Tunis killing

A Tunisian security officer fired on a group of people on the country's southeastern island of Jerba and killed one person. The officer was overpowered by colleagues.

### Warship protest

Norwegian police tightened security around a visiting U.S. warship in Oslo after demonstrators protested that the ship may be carrying nuclear weapons.

### Soviet oil find

The Soviet Union has discovered 20 new deposits of oil and gas off its coast in the Barents Sea, opening up an oil-producing region close to the Arctic Circle. Page 2

### Kidnapper jailed

Munich High Court jailed for four years the leader of a group who kidnapped the grandson of the late newspaper magnate Axel Springer.

### Nicaragua protest

Nicaragua has made a new protest to Costa Rica about further attacks on its border posts by U.S.-backed guerrillas.

### Unexpected delivery

A 20lb rubber wheel-chock fell from a Belgian Boeing 737 and crashed through the roof of London's Covent Garden fruit and vegetable market. No-one was hurt.

### Puerto Rico alert

Puerto Rico declared a state of emergency after at least 84 people were killed in widespread floods caused by three days of heavy rains.

### Jet crash salvage

A Canadian coastguard vessel sailed from Cork in the first stage of an international operation to lift from the ocean floor pieces of wreckage from an Air India jumbo jet that crashed off Ireland last June.

### New drug sniffer

Heathrow Airport, London, is testing a machine said to be able to detect the smells of drugs through several layers of plastic.

### Seat of culture

The Liechtenstein capital of Vaduz will hold a referendum this month to end a three-year old row over installing a public toilet in an arts centre.

## Business summary

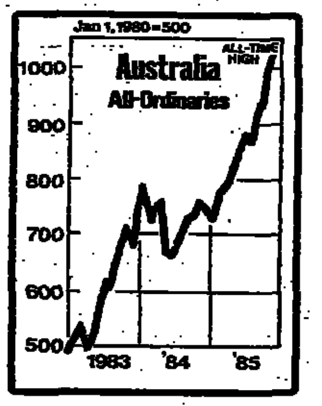
# Hanson raises bid for SCM

**HANSON TRUST**, the UK industrial-holding company again lifted its offer price for SCM, the New York conglomerate in an attempt to win the seven-week takeover battle. Page 18

**WALL STREET:** The Dow Jones industrial average closed up 1.12 at 1,325.49. Page 36

**LONDON:** Equities and gilts eased and the FT Ordinary index slipped 5.2 to 1,007.2. Page 36

**TOKYO:** Blue chips firmed despite widespread investor caution. The Nikkei Dow market average rose 43.21, to 12,835.21. Page 36




**SYDNEY:** The All Ordinaries index edged 0.6 higher to another record of 1,017.6. Page 36

**MILAN:** The Banca Commerciale index rose 2.20 to a peak 413.33 despite some weakness among internationals. Page 36

**DOLLAR** fell in London to DM 2.6455 (DM 2.6500), FFr 8.07 (FFr 8.08) but rose to SwFr 2.1695 (SwFr 2.1690) and Y215.95 (Y215.40). On Bank of England figures the dollar's exchange rate index was 131.0 from 130.8. Page 29

**STERLING** fell 5 points in London to close at $1.413. It also fell to DM 3.7375 (DM 3.7450), FFr 11.4025 (FFr 11.42). It remained unchanged at SwFr 3.0650 and rose to Y305.25 (Y304.50). The pound's exchange rate index fell to 80.1 from 80.2. Page 29

**GOLD** fell $0.50 on the London bullion market to close at $326.25 and $0.20 in Zurich to $326.25. In New York the Comex December settlement was $328.6 Page 28

**INDIA** is to order Westland helicopters and British Aerospace Sea Harrier jets from the UK in a deal worth between £220m and £250m ($310-$352m) after nearly two years of talks. Page 18

**HUMANA**, third largest U.S. hospital management group, lifted its full year earnings from $193.3m to $216.2m with a 15 per cent increase in fourth quarter profits. Page 21

**MOTOROLA**, U.S. electronics and communications company, has sold its South African manufacturing, servicing and distribution interests to Altech, a local electronics company, retaining licensing and technical supply agreements with the buyer. Page 21

**MOULINEX**, French kitchen appliance manufacturer, blamed a slump in demand, particularly from the Middle East, for a slide to losses of FFr 17m ($2.2m) in the first half, against a profit last year of FFr 31.3m. Page 19

**MANVILLE**, U.S. building products group facing billions of dollars of asbestos-related health claims, warns it will make a loss this year because of a $180m third-quarter charge relating to closures and sales. Page 19

**TEXAS AIR** has increased its offer for Frontier Airlines by $2 to $22 a share, valuing the company at $275m and further jeopardising an employee buyout priced at $17 a share.

**SEAT**, Spanish state-owned car manufacturer, says it is entering the final stages of negotiations for its acquisition by Volkswagen of West Germany. Page 19

**SUN**, U.S. oil company, is selling $850m of west Texas oil and gas assets as part of a far-reaching restructuring of its business. Page 19

# Hijackers 'kill American' aboard Italian liner

THE ITALIAN luxury cruise ship Achille Lauro, hijacked by Palestinian terrorists near Alexandria, last night appeared to be sailing westwards after anchoring about 10 miles from the Syrian port of Tartous, writes Our Foreign Staff. Unconfirmed reports said that one U.S. passenger, possibly two, had been killed.

As the ship moved away in the direction of Cyprus, another vessel carrying representatives of the mainstream Palestine Liberation Organisation (PLO) – whose chairman is Mr Yassir Arafat – was heading north from Egypt in an apparent attempt to mediate. The PLO said yesterday from its Tunis headquarters that it was not involved in the hijacking – which began on Monday night.

The hijackers have threatened to kill the U.S. and British hostages among the passengers and crew totalling more than 400 unless Israel releases more than 50 Palestinian prisoners.

The killing of two American citizens on board the vessel was reported by Western diplomats in Damascus. The Voice of Lebanon said that at least one had been murdered and the terrorists intended to shoot more.

In the early afternoon a hijacker told Tartous port authorities by radio "I am not willing to wait further." Twenty-five minutes later another message was received, which said "In a few minutes, we'll follow him (the first victim believed killed) with a second one."

Onda Pesquera, a Spanish radio station in San Sebastian, said it had received a message from an Italian maritime radio station saying pirates on board the vessel had killed an unidentified American aged about 40.

Earlier yesterday, a spokesman for the terrorists said in a radio message to the Alexandria port authorities that they belonged to the "Palestine National Front." It was assumed that they were associated with an extremist splinter group of the small Palestine Liberation Front.

The Syrian Government contacted the Italian and U.S. ambassadors in Damascus, relaying a request from the hijackers that they act as negotiators for the hostages' release.

However, the Syrian Government refused to grant permission for the vessel to enter Tartous. It was understood that Rome and Washington would not permit their envoys to have dealings with the terrorists.

Dr Pietro Cordone, the Italian chargé d'affaires who had been waiting to go to Tartous, told the Financial Times: "We are aligning ourselves with the American position, that is not to negotiate with terrorists."

The Italian Government is concentrating on diplomatic contacts in an effort to resolve the crisis while also making precautionary preparations for military action.

Italy has sent four helicopters to Cyprus and was reported to be moving warships which were already in the Ionian Sea to the eastern Mediterranean.

The Government in Rome gave little indication of what it was doing and how it planned to deal with the crisis. Sig Bettino Craxi, Italy's Prime Minister, said that everyone was working "to ensure that the situation resolved itself in the best possible way."

The White House in Washington said that during Monday night the U.S. had taken several undisclosed steps "in an effort to bring about an end to this act of terrorism in co-ordination with the Governments of Italy, Israel, Egypt, Syria and others."

Mr Larry Speak , the White House spokesman, refused to discuss a report that ships of the U.S. Sixth Fleet, which has 25 vessels in the Mediterranean, were sailing toward the 23,629-ton liner.

The State Department said it believed that there were 60-70 Americans on board. There are thought to be six or seven Britons, including five dancers and a hairdresser. The other 22 UK citizens who were passengers disembarked at Alexandria – like most of the holidaymakers on the cruise – for the overland trip to Port Said.

Sig Giovanni Spadolini, Minister of Defence, said that a "military solution" to the crisis would only be the last resort.

By last night, Italy had not requested Israel to release the Palestinian prisoners. It is adopting the same impassive and neutral stance adopted at the time of the hijacking of the TWA Boeing 727 airliner


**Bleak options for Italy, Page 3**


SPECULATION CENTRES ON VOLCKER AS SUCCESSOR

# Clausen says he will not seek new term as World Bank chief

BY STEWART FLEMING AND PETER MONTAGNON IN SEOUL

MR A.W. "TOM" CLAUSEN, president of the World Bank, said yesterday that he would not seek reappointment when his term expires in June next year.

Mr Clausen's announcement, which ended speculation about his future, was a last-minute deviation from the prepared text of his speech to the bank's annual meeting. It drew a standing ovation from delegates led by Mr Paul Volcker, chairman of the Federal Reserve Board and the man who is now widely tipped as a possible successor.

The prospective change in leadership at the bank emerged on the same day that Mr James Baker, U.S. Treasury Secretary, formally unveiled details of his plan to ease the developing country debt crisis with the injection of a total $47bn in new funds from the World Bank, other development institutions and commercial banks.

The appointment of a senior government official such as Mr Volcker to the World Bank job could herald a major shake-up in Washington's economic policy establishment. But yesterday the main interest focused on the implications for the independence of the Fed itself if Mr Volcker were to take the job.

Asked about his preferred candidates for the World Bank appointment, Mr Baker said: "You are putting me on the spot."

Mr Volcker, asked if he was interested in the job, said: "I think it would be inappropriate for me to comment at this moment."

Yesterday's developments also included an apparent shift in the focus of International Monetary Fund policy with a conciliatory speech by Mr Jacques de Larosiere which emphasised the need for growth in debtor countries.

Mr Baker's debt package, which calls for $2bn in new lending by commercial banks over the next three years, drew favourable comment from U.S. bankers at the Seoul meeting.

Mr Thomas Labrecque, president of Chase Manhattan, said Mr Baker's plan rested on two important assumptions – that the U.S. and other countries approved a larger role for the World Bank and other development institutions which would be fundamentally equal to and parallel with any new private bank commitments, and the real economic adjustment to be undertaken by debtors themselves.

Mr William Rhodes, senior vice-president of Citibank, called the plan a positive one in which all creditors large and small should play a part.

European attitudes, however, were distinctly cooler, highlighting continued unease with U.S. macro-economic policy.

Mr Onno Ruding, Dutch Finance Minister and chairman of the IMF's policy-making interim committee, said: "The U.S. must really contribute an important part by making more progress on its budget deficit and ... (getting) interest rates lower."

There was a split developing between U.S. banks, which need interest payments from the debtors and European banks which face fewer regulatory constraints, he said.

He also questioned Mr Baker's strategy of making a World Bank capital increase conditional on the previous participation in the package from commercial banks.

None the less, there is no disguising the appreciation by European finance ministers that the U.S. was building on the recent agreement by the Group of Five leading industrial countries on foreign exchange intervention and seeking to solve international financial problems through co-operation.

"I think the initiative should be welcomed – there are many good elements," Mr Ruding said, stressing the continued reliance on approach to dealing with debtor country problems and the central role which Mr Baker says he wants the IMF to retain.


**Details, Page 4; Editorial comment; budget ghost at Mr Baker's feast, Page 16**


# Renault axle plant occupied by CGT

By Paul Betts in Paris

FRANCE'S Communist-led CGT labour confederation yesterday occupied Renault's large car parts and tractor manufacturing plant in Le Mans in what could turn out to be a new test of strength between the troubled state-owned car group and the union.

The plant supplies all wheel axles for Renault cars and is the site for Renault's entire tractor manufacturing operations.

The CGT set up pickets and began what it termed an indefinite occupation of the plant, which employs about 7,500 people, in protest at Renault's decision to reduce the annual Christmas bonus from FFr 370 to FFr 200 ($24.80) for each worker. The union also claimed yesterday that Renault had no intention of negotiating new pay increases this year to top up the meagre 1.5 per cent pay rise granted at the beginning of this year.

Renault appeared, however, to regard the CGT's arguments as a pretext to launch a new campaign against the state-owned car group's current restructuring efforts and, in a broader sense, against the Socialist Government.

M Georges Besse, the new Renault chairman, has begun a sweeping reorganisation of the car group involving large-scale job reductions and economies to cut losses which totalled FFr 12.5bn last year and are understood to have amounted to about FFr 6bn in the first half of this year.

Since last month, however, the company's financial performance appears to have improved as a result of a rise in export sales and the administration's decision to free domestic car prices from government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# Fiat and Ford end European merger talks

BY ALAN FRIEDMAN IN MILAN AND JOHN GRIFFITHS IN LONDON

FIAT, Italy's leading car maker, and Ford of Europe, the subsidiary of the U.S.' second largest producer, have failed in their attempts to create a joint company in the European car market.

It was learned yesterday that a full merger between Fiat Auto and Ford of Europe was the objective of negotiations, which began in the second half of last year.

Had they succeeded, the joint company would have commanded about one quarter of the European car market and been twice as large as any European rival.

The companies issued a joint statement acknowledging that "joint venture" talks had now been abandoned. However, they are continuing negotiations aimed at other collaboration, which is expected to include design and production of major components such as transmissions, in pursuit of enhanced economies of scale.

Although neither company said so, it was learned that a principal reason for the collapse of the negotiations was Fiat's unwillingness to cede control of the proposed venture to Ford. The U.S. company was said to have been seeking control in management, financial and industrial terms and Fiat refused to accept this.

Among the various proposals was one under which the merged company would be 49 per cent owned by Fiat, 49 per cent by Ford and 2 per cent by Lazard Frères, the Paris investment bank. This idea was not considered acceptable by Ford because of close ties between Fiat and Lazards.

Several other difficulties helped precipitate the collapse of the talks: while initial negotiations, between Fiat's Fiat Auto subsidiary and Ford of Europe, went very well, they dealt mainly with practical and operating aspects of a merged company. These embraced areas such as the joint design and development of cars, production and marketing.

However, when Fiat and Ford U.S. parents began negotiating this spring, shareholding problems were compounded by those relating to management integration and European fiscal and political problems.

The fiscal problems proved a major stumbling block: Ford of Europe is not a legal entity, but acts as a co-ordinating company for a number of national operating companies within the EEC, including Ford-Werke of West Germany and Ford UK. The two sides were unable to reconcile the many differing fiscal and legal requirements imposed at national level on all the potential participants.

"If a lesson comes out of all this, it is that although we claim to have a common market, it has very little common legislation," a source close to the negotiations said last night.

Sig Gianni Agnelli, Fiat's chairman, has been stressing publicly for several months the need for a common framework of legislation within Europe, coupling it with warnings of the urgent need to rationalise the European car industry, which currently has over-capacity of about 2.5m units a year – about 20 per cent.

A spokesman for Ford emphasised that negotiations were continuing on other aspects of collabor-


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# BankAmerica sells unit to Chrysler

BY TERRY DODSWORTH IN NEW YORK

BANKAMERICA, the second largest U.S. banking group, is raising $405m through the sale of its consumer and wholesale financing subsidiary to Chrysler, the motor company which has now spent around $1.2bn on acquisitions this year.

The divestment by the West Coast banking group, hard hit recently by heavy loan losses, follows the recent sale of its 52-storey San Francisco headquarters building for $660m.

The banking group said yesterday that the disposal of FinanceAmerica, at a price more than double its book value of $189m, would increase its flexibility, enabling it to strengthen existing business activities and "take advantage of new opportunities."

For Chrysler, which was holding $3.8bn of cash at the end of June, the acquisition marks a further step in its diversification programme into the high technology and financial services sector.

Earlier this year it acquired Gulfstream Aerospace for $637m and later bought the E. F. Hutton Credit Corporation for $125m. In addition it has signed a joint-venture agreement with General Electric Credit Corporation, a subsidiary of the General Electric manufacturing group, for investments in machinery, equipment and real estate.

Mr Lee Iacocca, chairman of Chrysler, yesterday described the purchase of FinanceAmerica as "by far the biggest step Chrysler Financial Corporation has taken in 1985 to expand and diversify its financial services beyond its 20-year role as an automotive finance company."

FinanceAmerica is engaged in direct consumer lending, wholesale financing for manufacturers and distributors, and loans to small businesses.

The deal had put Chrysler at the heart of the consumer finance business, he added, making it one of the nation's "largest and most diversified" companies with a broad range of services in the automotive, real estate, equipment, insurance and commercial fields.

FinanceAmerica, which had total assets of $2.8bn at the end of June, earned $15.8m last year and $9.9m in the first six months of this year. Chrysler Financial Corporation achieved record earnings of $83.1m last year and a further $67.4m in the first six months of 1985.

# British money supply growth soars to 18%

By Max Wilkinson in London

THE KEY measure of the UK's wider money supply surged further out of control last month, pushing its growth far outside the target range set by the Conservative Government in its budget.

This was the fourth month in which growth of sterling M3 (cash and bank deposits) has been excessive. The rise has perplexed the City of London and embarrassed the authorities.

In the four weeks up to September 18, sterling M3 rose by 1¾ per cent. Its growth since April has been at the equivalent of an annual rate of 18½ per cent. This is twice the maximum official target growth and more than three times the minimum.

During the latest 12 months, growth has been scarcely better. Official figures from the Bank of England yesterday showed an annual growth rate of 14½ per cent for the period.

Sterling M3 was the indicator of the money supply chosen by the British Government in 1979 as the


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## CONTENTS

# Portuguese PSD refuses to accept Soares resignation

BY DIANA SMITH IN LISBON

PORTUGAL'S Social Democrat Party (PSD), which won a small majority of 29.7 per cent of the vote in Sunday's general election, has refused to accept the resignation of Sr Mario Soares, leader of the Socialist-led coalition.

The PSD claims that Sr Soares – who wished to hand over to the SDP Deputy Prime Minister – cannot legally take this step and therefore General Antonio Ramalho Eanes, President of the Republic, will have to settle the dispute.

The Democratic Renewal Party (PRD) – which will hold the balance of power in the Portuguese parliament after attracting 1m voters to its drive for cleaner politics – has lost no time laying down the guarantees it will exact from the Government to be formed by Sr Anibal Cavaco Silva's PSD.

The PRD rallied around the austere figure of Gen Eanes and his wife, Manuela, who campaigned energetically for her husband's party on an anti-corruption, anti-jobs-for-the-boys, platform.

The PRD's startling rise in Sunday's election most hurt Sr Soares' Socialists, and ensured that the Social Democrats will have to pay heed to PRD stipulations if their Government is not to topple before it gets going.

Intensifying the moralistic tone of its campaign, the PRD is demanding that the new Government guarantees that it will "loyally cooperate" with the President and refrain from the guerrilla tactics waged against him in the past by some parties.

It is also demanding guarantees that individuals will be chosen for public office or to run public enterprises solely on the grounds of their competence, ending "scandalous situations" in this domain.

Coalition leader Sr Mario Soares: resignation refused

It is also seeking guarantees that inquiries into corruption, tax fraud and social security debts will be unblocked and made public and it wants guarantees of "honesty, independence and pluralism" in the state-owned media, particularly television.

The PRD also demands guarantees of economic development policies that ensure fairer distribution of income; an end to penalisation of the poor; and guaranteed respect for the constitution.

There is a warning note in the demand for respect for the constitution. All established parties to the right of the Communists have been clamouring for constitutional reform that would eliminate the Socialist content which has blocked economic liberalisation and would make it difficult for Portugal to adapt flexibly to EEC membership.

Without hammering the point in its election campaign, the PRD has made clear it does not want constitutional change. This may cause severe clashes in the future.

# Unesco calls on U.S. and Britain to stay in agency

THE UNESCO general conference opened yesterday with an appeal to the United States and Britain to stay in the fold of the troubled agency to ensure it survival, *Reuter reports from Sophia.*

Opening the 23rd general conference of Unesco's 160 member states, the outgoing conference chairman, Mr Said Tell of Jordan, said the U.S. departure threatened the existence of the agency and went against the interests of world co-operation.

"I call upon President Ronald Reagan and the U.S. government to reconsider its withdrawal and come back to the organisation as soon as possible," he told 3,000 delegates and staff in the huge Bulgarian Cultural Palace.

The walkout by Washington, which left the agency reeling under a 25 per cent budget shortfall, was causing more than a mere financial crisis, Mr Tell said. It was also depriving the Organisation of the work of one of the world's biggest intellectual and scientific communities.

Under the same logic, I call upon Mrs (Margaret) Thatcher and the government of the United Kingdom to abandon its decision to withdraw,"

Western nations have accused Unesco of mismanagement, over-politicisation and an anti-Western bias, and Britain has given notice of withdrawal at the end of this year.

Unesco officials fear a British pullout could provoke a massive departure by other Western members, most notably Japan, now the second-largest donor after the Soviet Union. West Germany and the Netherlands have hinted they may review membership.

Diplomats, however, believe Britain is closer to revising its withdrawal decision than was Washington at the same time last year, as long as it achieves its goals at this conference.

As the highest decision-making organ of the agency, the general conference will examine a series of management and administrative reforms pushed through by the West during the past 18 months, as well as the 1986-87 budget and programme.

EEC INTER-GOVERNMENTAL CONFERENCE BECOMES BOGGED DOWN

# Little agreement on how to reach decisions

BY QUENTIN PEEL IN BRUSSELS

THE inter-governmental conference of EEC member states, launched at the Milan summit in June to speed up the process of Europena integration and streamline decision-making, is rapidly becoming bogged down itself with less than two months to reach a conclusion.

Only the European Commission has so far submitted a significant range of proposed amendments to the Treaty of Rome — the founding charter of the Community — one week before the stipulated deadline. West Germany has also submitted plans to give more influence to the European Parliament.

Even those proposals have left the participants deeply divided, both on their content and on the overall strategy of how to change the Treaty without creating new areas of potential confusion and delay.

The Commission last weekend nevertheless decided to maintain its present approach of seeking to add broad-ranging new articles to the Treaty, which would greatly extend the areas open to majority decision-making, and simply override detailed provisions of the existing Treaty.

In amendments submitted yesterday to the top level group of officials working on the conference, the Commission merely sought to define more closely which subjects should be decided by majority voting, and where to leave some loopholes for the member states.

Three key areas have so far surfaced in the debate as the most divisive:

- Streamlining decision-making to complete the simple common market by 1992.
- Stepping up the effort to develop the most economically-undeveloped regions of the Community.
- Extending the powers of the European Parliament.

Efforts to complete the internal market go to the heart of the debate on amending the Rome Treaty, because they concern the cumbersome decision-making process within the Council of Ministers, the ultimate authority in the present EEC.

The Commission has adopted a maximalist position, proposing new articles which would provide for majority decision-making instead of requiring unanimity for all regulations affecting the internal market. Only the sensitive area of the movement of people — security regulations at frontiers, for example — would still require unanimity.

No provision is made for the maintenance of the so-called Luxembourg compromise, which allows an effective national veto of majority decisions, and which has yet to be seriously considered by the conference.

Both Denmark and Greece, the members most hostile to Treaty amendment, are highly doubtful about the internal market proposals. Britain, France and West Germany are all notably sceptical about the practicability of such sweeping amendments, preferring to see a much more detailed breakdown of the areas in which majority voting should or should not apply.

> Efforts to complete the internal market go to the heart of the debate on amending the Rome Treaty, because they concern the cumbersome decision-making process within the Council of Ministers, the ultimate authority in the present EEC.

The second broad area of debate, which could affect the whole future balance of the EEC, concerns the question of convergence, or the extent to which member states should be committed to pumping money into outlying areas like Greece, Portugal and Ireland, in return for those countries agreeing to open up their markets.

M Jacques Delors, the Commission president, last week criticised both Britain and West Germany at a closed meeting of the European Parliament's Socialist group, accusing them of wanting a European "supermarket," without accepting the converse of more aid to the poorest regions.

The northern states, on the other hand, accuse Greece in particular of refusing to implement the original demands of the Rome Treaty—let alone any new steps—unless more cash is forthcoming for "convergence."

Potentially the most divisvie area of all is how to extend the powers and influence of the European Parliament.

The West German proposals stop short of the "co-decision making" sought by the Parliament itself. But they do propose giving the Parliament a bigger role in consultation with the Council of Ministers.

The key would be the establishment of a "mediation committee", with equal numbers from the Council and Parliament, to seek common ground on arange of issues. A very few questions would require joint approval, such as enlargement of the Community, and association treaties with third countries.

The Commission itself is unhappy with such plans, which would curb its own powers, and yesterday submitted different proposals.

Denmark, in particular, is opposed to any extension of the Parliament's powers, but Britain is also likely to oppose any move which looks like making decision-making even more cumbersome than at present.

The failure to narrow those divisions at all is now starting to make officials question the likelihood of the conference finishing its work in time to report to EEC heads of government at the Luxembourg summit in December.

# Bid to raise Air India jet begins

By Michael Donne, Aerospace Correspondent

EFFORTS HAVE begun to retrieve further pieces of wreckage from the sea-bed of the Air India Boeing 747 Jumbo jet which crashed off Ireland on June 23 with the loss of all 329 passengers and crew.

The U.S. and Canadian governments are funding the operation, using the Canadian vessel John Cabot and a chartered offshore supply ship, the Kreuztrum, on behalf of the Indian Government, which is in overall charge of the crash investigation.

Large parts of the crashed aircraft lie on the sea-bed over a wide area in 6,700 feet or more of water.

Over recent weeks, the John Cabot, equipped with the remotely controlled mini-submarine Scarab, which brought the flight data and cockpit voice recorders to the surface, has been plotting the precise locations of major items of wreckage.

Many of these are large, although severely mangled by the fall from over 30,000 feet to the surface of the sea and the subsequent plunge to the sea-bed. Recovering them will be a major feat of marine salvage, requiring good weather, time and meticulous care.

Once recovered, every item will be subjected to detailed study by a team of metallurgists, structural engineers and other experts, in an effort to determine whether the Jumbo was destroyed by a bomb or some other structural failure of the aircraft.

# U.S. steel chief calls for EEC trade pact

BY IAN RODGER IN LONDON

THE CHAIRMAN of the American Iron and Steel Institute has warned that "all hell will break loose" if the European Community and the U.S. do not agree on a new steel trade pact by October 31.

Mr Don Trautlein, who is chairman of Bethlehem Steel, also urged Canada, Sweden, Taiwan, Austria and Argentina to negotiate import restraint agreements with the U.S. quickly if they wanted to continue to have access to that market.

Speaking at a press conference during the meetings of the International Iron and Steel Institute in London, Mr Trautlein predicted that any country that did not have a deal soon could face legal actions from U.S. steel companies or an embargo imposed by the U.S. Government.

He said that total steel imports into the U.S. were still running at about 26 per cent of the market despite the implementation earlier this year of the Reagan Administration's five-year programme to help the U.S. steel industry recover its competitiveness.

"I am convinced that the President means business and will see to it that his programme is fully in place, and soon," Mr Trautlein said.

The programme provided that imports should be limited to 18.5 per cent of the market. Mr Trautlein said imports from the 15 countries that have reached restraint agreements fell about 19 per cent in the first seven months of this year. However, imports from other countries have continued to rise, and partly because of the high import penetration, the U.S. steel industry was operating at only 66 per cent of capacity and most companies were losing money.

Mr Trautlein said that imports from the EEC were 20 per cent higher in the first seven months, giving the EEC countries a 6.4 per cent share of the U.S. market, compared with the 5 per cent share envisaged under their three-year-old restraint agreement which expires at the end of this year. He thought the EEC share should be reduced to between 4.5 per cent and 5 per cent in any new agreement.

Eurofer, the organisation representing the leading EEC producers, disputes the U.S. figures, claiming that its share of the U.S. market has dropped from 6.3 per cent in 1982 to just over 5 per cent this year. It also complains that the U.S. producers have yet to take advantage of the protectionist measures given them over the years to modernise their equipment.

Mr Trautlein said that was a red herring. The U.S. industry had consistently reinvested in excess of its cash flow in recent years.

# Frankfurt book fair sets new record

**THE world's biggest annual book fair opened yesterday in Frankfurt with a record 6,535 publishers from more than 80 countries exhibiting during the six-day show, AP reports.**

**Organisers said the record number of publishers was 7 per cent higher than in 1984. They said 78 per cent of the exhibitors were from abroad.**

**The emphasis of the fair, organisers said, was to reawaken the public's interest in reading books following the advance of electronic media which they said had reduced readership.**

# Women lose to new technology

BY IVO DAWNAY IN STRASBOURG

THE GROWTH of new technology in industry is hitting women's employment disproportionately to that of men, according to a new report from the European Parliament. Although many believed that the clerical skills required to use information equipment now installed in offices across Europe would favour women, the reverse is the case, it says.

The study shows that while the proportion of women in employment working on information technology has risen from 9.5 per cent to 14.4 per cent between 1979 and 1983, for men the rise has been from 4.9 per cent to 9.2 per cent.

Furthermore, the report by Mrs Heinke Salich, the West German Socialist rapporteur, underlines that as 70 per cent of women in the EEC work in the service sector, the job losses caused by new technology fall more heavily on them than on men.

Commenting on the report, Ms Christine Crawley, MEP for Birmingham East (Lab), said that women were rapidly becoming the "keyboard coolies" of the technological revolution, oppressed bl lower wages, tedious work and insecure employment.

- Professor Edward Teller, a leading adviser on president Reagan's Strategic Defence Initiative (SDI), told MEPs yesterday that the Soviet Union has far outpaced the West in the development of its nuclear defence capabilities.

In a two-day visit to Strasbourg aimed at rallying the EEC to the so-called Star Wars programme, Prof Teller said that European know-how could greatly aid the success of the project. In particular he singled out European research in optics and materials as valuable to the U.S. efforts to build a nuclear umbrella.

He argued that neutralising short-range weapons aimed at Europe could be the first achievement of the joint research programme

**David Brown** reports on an industry which, despite being efficient and market-sensitive, may soon be forced into closure

# Swedish shipbuilding on the rocks

"I AM FURIOUS . . ." said Mr Olof Palme, Swedish Prime Minister, surveying the remaining the remaining gantry cranes of what was once the world's second largest shipbuilding port.

But Mr Palme could hardly have felt the same rage as a group of over 1,000 shipyard workers listening silently in the pelting rain as he delivered his real message: "There cannot be any further support from the Government."

They have seen shipyard employment tumble from some 33,000 10 years ago to about 11,000 today, with the prospect of more cuts in the immediate future.

Sweden's merchant shipbuilding industry, is still arguably among the world's most efficient. Even so, its last remaining shipbuilder (Kockums) its once dynamic offshore yard (Gotaverken Arendal), and the Cityvarv repair and rebuild yard, all part of the state-owned Swedyard group may be unable to survive in their present form beyond next year.

The situation in Sweden offers a sober lesson to other European yards, and to Government decision makers across the continent. No maritime nation has reduced so much capacity so quickly. Yet faced with the necessity of turning a profit on a strictly commercial basis or going under, the shipyards are fighting an impossible battle.

"We have efficient yards with a good cost situation," says Mr Olle Westin, head of the shipbuilding section of Sweden's Ministry of Industry, "but it is an utterly sick market and the future is very problematic."

In 1980, the Government tabled a major retrenchment plan, coupled with a package of "restructuring assistance." Capacity, already well below levels a decade earlier, was cut further. Sweden's share of the world market has tumbled from over 10 to below 1 per cent.

Early this year, the Government took the politically difficult decision to phase out the Uddevalla yard, the last tanker and bulk carrier producer, at a cost of 2,400 jobs.

Several years ago, Gotaverken Arendal ceased standard ship production, specialising in the then-burgeoning offshore sector, while Kockums focused on building ro/ro, cruise and container vessels. But, as one broker put it, "what good does it do to specialise when there's hardly a market anyway?"

Since its creation in 1977, Swedyard has lost the astonishing total of SKr 10.3bn (£912m) on combined sales of SKr 51.4bn. The Government has already poured in some SKr 20bn in restructuring aid—not to mention about SKr 25bn in shipbuilding credit guarantees.

Under the 1980 plan, Swedyard was to have been profitable by the end of this year. But the deadline was later extended by 12 months to the end of 1986, and additional money was needed. Yet the target still seems as elusive as ever.

An important part of the story is the persistent problem of a declining overall market and world overcapacity, coupled with protectionist subsidy policies.

Kockums recently lost a crucial SKr 1.5bn cruise ship order to Chantiers Atlantique of France, whose bid was bolstered by a Government subsidy estimated to have been as high as 50 per cent.

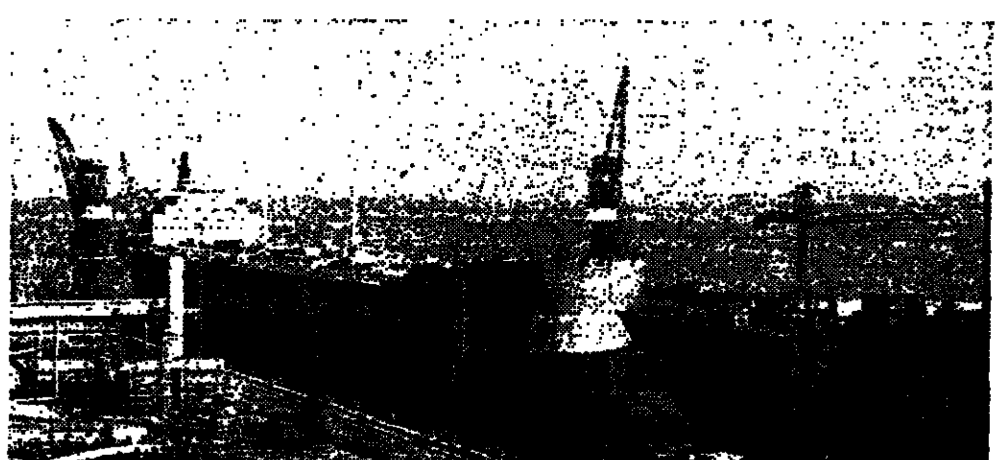
"We can compete on production costs with any yard in Europe," says Mr Paul Palsson, executive vice-president of Kockums in Malmo, "but we can't compete with the state of France."

Two gleaming new 133,000 cubic metre liquefied natural gas (LNG) carriers berthed in Malmo — the second was delivered last year but neither has been to sea—tell another part of the Swedish story. The story is one of speculation and poor market forecasting. Ships were built for stock to maintain employment against an expected market which never materialised.

Easy credit terms were extended to build vessels for shipowners who later couldn't pay the bill. This lesson was made painfully clear by Consafe, the world's largest owner of accommodation platforms which went bankrupt early this month with long-term debts of some SKr 3bn.

It was largely orders from Consafe that allowed the transformation of Kotaverken Arendal into a leading offshore yard, and led to hopes of a grand new future for Swedish shipbuilding. But when Consafe gave up, it faced an acute liquidity crisis caused by trying to service the debt largely owed to Arendal, and over half its fleet was laid up.

Of the total 145 ships launched by Swedyard since 1977, between 60 and 70 have been repossessed and either re-sold or transferred into Zenith, a state-owned shipping company created to take the vessels off Swedyards' hands.



Kockums shipyard, fighting an impossible battle

The value of most of them according to the Industry Ministry, is no more than scrap.

Hit by a declining freight market, and a huge drop in the value of secondhand ships, Zenith has lost a total of SKr 3.63bn since 1977. It was hiyed off by the Government in 1982—allowing the Swedyard group to post its first profit of SKr 312m the following year.

Since 1977 Swedyards has been forced to write down the value of its vessels by SKr 2.8bn. Zenith has written off a further SKr 136bn, and the Government has had to pump in a total SKr 4bn to help the company cover its losses.

Moreover, with further write-offs looming in the wake of the Uddevalla closure, the Government last month quietly rammed a proposal through the National Debt Office which sets the stage for the transfer of a further 25 ships booked at a value of SKr 3.5bn to Zenith.

None of these measures has been adequate however to cope with persistent global overcapacity and continued protectionism.

Gotavergen Arendal has been hit by the entry of new competitors in the offshore sector, by the fact that it has no home market for its production, and by a weak overall market with few investments in new building. Last month it announced the lay-off of a further 600 workers, or over a third of the workforce.

Kockums, despite reliable delivery times and an unusually flexible production set-up, has only six months to win a new order or go under. It is understood to be on the short-list for several contracts but it too is fighting in a very limited market—there are very few owners now contemplating new cruise ships, Ro-Ro vessels or ferries, and too many yards chasing these orders.

Swedyard executives, now working on a new restructuring plan, still speak of a "fighting chance" for these yards but are forced to admit the future is problematic. As Mr Palsson of Kockums says: "We have been living with the rope around our necks for a long time."

But the perception here is that the noose is tightening. For Swedish shipbuilding, or what is left of it, time is running out.

# Soviet oil strikes on Barents Sea coast

By Patrick Cockburn in Moscow

THE SOVIET UNION has discovered more than 20 new oil and gas fields onshore on the coast of the Barents Sea, the Soviet news agency Tass said yesterday.

The oil is loaded directly on to tankers because "laying pipes in such high latitudes proves to be costly and time-consuming," Tass says. The sea lanes along the north coast of the Soviet Union can be used by oil tankers all year round, although in winter ships must be preceded by an ice-breaker.

The decline in output from the old oilfields in the Volga-Urals, and the drop in output in West Siberia has led to the Soviet Union speeding up its oil exploration programme by 50 per cent in the next five-year plan (1986-90), with a 90 per cent increase in West Siberia.

Offshore drilling for oil, which comes under the Ministry of Gas, has been stepped up in the deeper parts of the Caspian Sea, the Baltic and since 1977 in a co-operative venture with a Japanese company off Sakhalin Island in the Far East. There has been little offshore exploration in the Barents Sea so far but the Soviet Union has bought three drill ships from Finland.

Exploration and development drilling in difficult and isolated parts of the Soviet Union such as the Barents Sea has been criticised in Moscow as a diversion of resources from the need to drill deeper in areas such as West Siberia.

# Poles agree to export more to Moscow

By Christopher Bobinski in Warsaw

POLAND IS to repay after 1990 its roubles 5bn (£4.5bn) debts run up in trade with the Soviet Union between 1980 and 1985, it has been revealed here.

The announcement came as the two countries signed a trade agreement for the next five years which foresees a 50 per cent increase in turnover compared to the 1981-85 period.

Under the agreement, Polish exports, which mainly comprise manufactured goods, will have to rise much faster than imports which are expected to grow by 3 per cent a year. This results from the stipulation that mutual trade must be balanced by 1988, with Poland repaying the deficits of next year and the year after with surpluses to be achieved in 1989 and 1990.

This year, exports are planned at Roubles 5.6bn, while imports are set at Roubles 6.4bn, and the effort to wipe out the deficit in trade by 1988 will put additional strain on a none too buoyant economy.

Soviet deliveries of vital raw materials like oil, iron ore and cotton will stay at present levels, forcing the Poles to look for growth either in greater efficiency or additional imports from hard-currency markets. Increased deliveries of Soviet natural gas are to be linked to Polish capital investment in Soviet gas extraction projects.

Over the next five years, Poland will be paying interest on its Soviet debt but officials have refused to reveal the exact rate. There is to be a 45 per cent increase in 1985 prices in mutual turnover of consumer durable goods.

# Trial resumes in Portugal

By Diana Smith in Lisbon

THE TRIAL of the charismatic Lt Col Otelo Saraiva de Carvalho, one of the architects of the coup that overthrew Portugal's right-wing dictatorship in 1974, resumed this week. He and 43 others are accused of belonging to the FP-25 terrorist group.

The early stages of the trial have been marked by protests of defence lawyers at the seating arrangements that, they say, force them to turn their backs on their clients while the prosecution faces them. Lawyers for the female defendants have also claimed that constitutional guarantees of equal treatment are being violated

The FP-25 is held responsible for the killing of several businessmen, bank raids and a number of explosions since its appearance in mid-1980.

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CRAXI GOVERNMENT OPTIONS LOOK BLEAK AFTER SEIZURE OF LINER

# Italy's pro-PLO stance turns sour

BY JAMES BUXTON IN ROME

THE hijacking of the Achille Lauro confronts the Italian Government with what is probably its most difficult crisis since Red Brigades terrorists in 1978 kidnapped and murdered ex-Prime Minister Aldo Moro. If the crisis ends badly it could be both a diplomatic and political disaster for Sig Bettino Craxi, the Prime Minister.

The attack on the Italian liner comes despite the fact that Italy has followed a markedly pro-Arab policy in the Middle East for more than two decades. It consistently portrays itself in the Mediterranean as a bridge between Europe and the Arab world.

The search for a mediating role in theArab-Israeli conflict has become a major element of the foreign policy pursued by Sig Craxi and his Foreign Minister, Sig Giulio Andreotti, since the Craxi Government came to power in August, 1983.

Sig Craxi has taken Italy closer than ever before to the Palestine Liberation Organisation. Twice in the past few months he has met Mr Yassir Arafat, the PLO chairman, in Tunis, and is keen that other Western countries and Israel accept him as a valid and moderate representative of the Palestinian people.

Italy has benefitted from its stance in the Middle East, not only in the strength of Italian businesses in most Arab countries, but also in the fact that Italian targets have up till now been virtually unscathed by terrorism, even though Arab terrorists have often operated on Italian soil against the targets of other countries.

When Italy sent a contingent to the multi-national peacekeeping force in Lebanon in 1982, its troops suffered no casualties from action by opposing forces, unlike the losses suffered by the U.S. and French contingents.

The hijacking of the Achille Lauro comes only days after Sig Craxi and Sig Andreotti furiously castigated Israel for its raid on the PLO headquarters in Tripoli last week. Mr Shimon Peres, the Israeli Prime Minister, protested angrily to Italy and said on Israeli television that Sig Craxi had never condemned the killing of the

Sig Craxi: castigated Israel

three Israelis at Larnaca in Cyprus, for which the attack on Tunis was a retaliation. The Italian Government also cancelled an official visit to Italy by Mr Abraham Sharir, the Israeli Minister of Tourism, in protest against Israel's action.

The Government's reaction to the Israeli raid provoked dissent in the five-party coalition, with Sig Giovanni Spadolini, now playing a crucial role in the hijacking crisis as Minister of Defence criticising Sig Craxi for taking too pro-Arab a line.

The hijacking of the Achille Lauro will give further ammunition to critics of Italy's Middle East policy.

Now Italy is involved in a crisis where it will need all the help it can get both from Israel and the Palestinians. But the options look bleak. Israel has made clear that it has no intention of yielding to terrorist threats.

Crisis management, difficult enough in any govrnment is particularly hard to practise in a coalition administration.

Apart from the Prime Minister's office in Palazzo Chigi, three operations rooms were yesterday functioning in Rome — at the Foreign Ministry, the Ministry of Defence and the Ministry of the Merchant Marine.

But yesterday morning Sig Renato Altissimo, the Minister of Industry, insisted that his ministry be informed of every piece of information about the crisis and involved in every decision. This is because the ministry technically owns the Achille Lauro since the Lauro line is in government appointed receivership following a financial crash in 1982.

Francis Ghiles reports on the outrage which followed the Israeli raid

# Tunis despairs of U.S. approach

"ALL IS not lost" sighed a U.S. diplomat in Tunis with more than a hint of relief in his voice on hearing the outcome of the vote in the UN Security Council last weekend. The UN vote to condemn the Israeli air raid on the headquarters of the Palestinian Liberation Organisation in Tunis had not been vetoed by the U.S.

Tunisians were deeply insulted and humiliated by President Ronald Reagan's initial reaction to the raid, in which an estimated 70 people died, as a legitimate reprisal following the killing of three Israelis on a yacht in Cyprus. His failure to condemn the Israelis' violation of Tunisian sovereignty in order to attack Mr Yassir Arafat, the PLO leader, in his home has caused outrage.

To understand the depth of Tunisian feeling it is worth recalling that President Habib Bourguiba has for 50 years of his political career put close relations and reliance on the U.S. at the top of his political agenda, going so far as to support U.S. policy in Vietnam up to the eve of the fall of Saigon.

In 1982, the U.S. privately gave its blessing to the PLO headquarters being set up in Tunis following Mr Arafat's retreat from Beirut. At the weekend, Mr Arafat said: "President Reagan was probably expecting by now to send a bouquet of red roses for me."

Mr Bourguiba has always been even-handed over his Middle East policy. In 1965 he was applauded by Palestinians in Jericho when he called for a dialogue with Israel but vilified by other Arab leaders.

The change in U.S. policy as shown by the Security Council vote is likely to have enhanced President Bourguiba's prestige with other Arab leaders this time.

The Tunisian leader has reaffirmed to Mr Arafat that his country will always honour its tradition of hospitality, a tradition which stretches back to the days when thousands of Moslems and Jews fled the Christian reconquest of Spain in the late 15th century.

The President has always defended the rights of those Jews who live in Tunisia. During the World War II when he was a prisoner in France, he supported the then Tunisian ruler, Bey Moncef, in his refusal to bow to French pressure and deprive Tunisian Jews of their nationality. Tunisia was then a French protectorate and in neighbouring Algeria the Vichy regime's anti-Jewish laws were implemented in full.

Tunisian leaders were all the more upset by the initial U.S. reaction to last week's raid because the U.S. had repeatedly reassured Tunisia that it would guarantee its sovereignty over the past two months of crisis with neighbouring Libya. Many people last week questioned the value of that guarantee and wondered why the U.S. Sixth Fleet in the Mediterranean did not warn them of the impending Israeli attack.

Newspapers in Tunis voiced strong anti-American feeling for the first time since the 1967, six-day war, reminding their readers of the fate of the Shah of Iran, America's friend.

The authorities have been successful in avoiding any serious outburst of anti-American feeling in the streets.

The Tunisian armed forces, whose purchase of a squadron of F-5 aircraft was opposed by some Airforce officers but pushed through by the President as a gesture of friendship towards the U.S. must also feel deeply insulted.

The thousands of messages of support that have poured in from all over the world have comforted many Tunisians, however. Relations with other Arab countries, especially Algeria, have been reinforced although Tunisia is unlikely to mend fences with Libya, which at the weekend started "voice of hate" radio broadcasts urging Tunisians to kill the Jewish population.

Inside the country the authority of Mr Mohamed M'Zali, the Prime Minister, has been strengthened. At the weekend he received leaders of all the opposition parties, some of whom expressed the hope that, in the wake of last week's events, internal political and social tensions can be eased.

The economic state of Tunisia, a small country with slender resources of which has traditionally relied on Western aid, means that the leadership has little real room for manoeuvre *vis-a-vis* Washington.

Nevertheless America's prestige has suffered a major blow in the eyes of many Arabs. That an Israeli raid on the territory of such a moderate Arab leader should be initially justified has convinced many people, especially among the younger generation, that Washington's "arrogance" knows no bounds.

So long as President Bourguiba, his vioce now carrying more weight, remains at the helm such feelings will not however dictate Tunisian foreign policy.

# Hijackers 'could have danced with my wife'

By Tony Walker in Cairo

"FOR ALL I know they could have danced with my wife," said a Dutch tourist when asked if he had noticed a Palestinian presence on the cruise liner, the Achille Lauro between Italian ports and Alexandria.

That was the reaction of one of hundreds of stunned passengers stranded in Cairo after their holiday vessel was hijacked on Monday between Alexandria and Port Said which lies at the entrance of the Suez Canal.

A British tourist travelling with his wife said the voyage across the Mediterranean to Alexandria was very smooth. Asked if he was surprised by the turn of events, he said: "I am amazed, but I suppose that's the aim of those who perpetrate these acts."

Some passengers speculated the Palestinian gunmen may have boarded the ship in Naples, where security, they said, was lax.

More than 600 passengers disembarked at Alexandria to spend a day sightseeing and shopping in Cairo before rejoining the Achille Lauro in Port Said to continue their voyage to Israeli, Cypriot and Greek ports before returning to Italy.

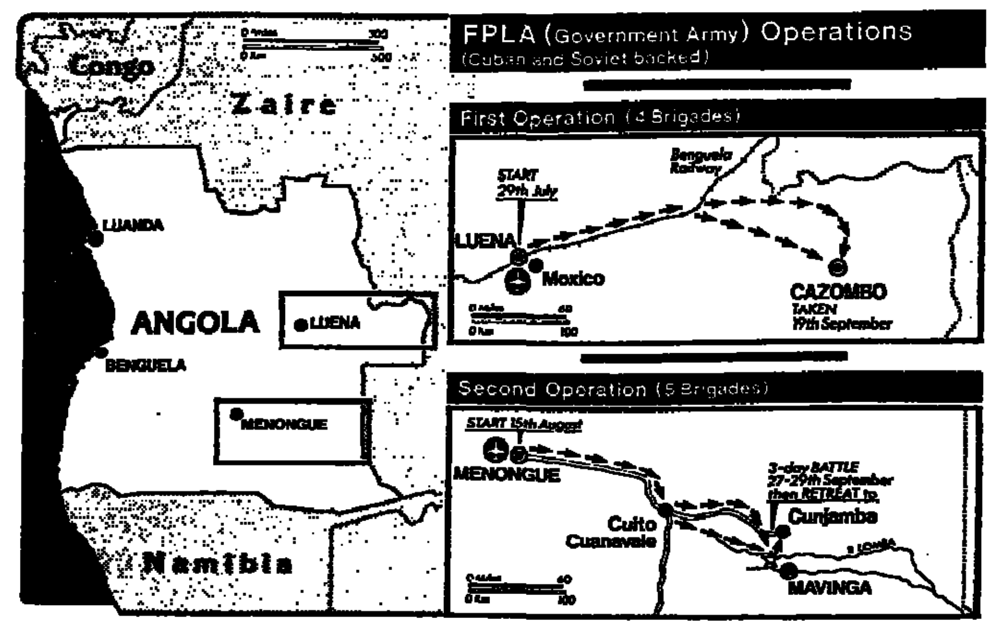
More than a dozen nationalities, including German, French, British, Austrian, Italian and American, are among those who spent an anxious day yesterday awaiting news in two Cairo hotels—the Ramses Hilton and the Concorde.

According to a Dutch woman passenger, she was told in Port Said late on Monday evening there was a "problem." "We did not see our ship at the quay. Then about midnight they told us Palestinians had taken control of our ship," she said.

Passengers said most of the 100 or so holidaymakers who had stayed on board were elderly. They had not fancied the 500 km round trip to travel between Alexandria, Cairo and Port Said.

Frau Elvira Maria Buchweiser, 32, a West German, said she had six close friends still on board. "I am very worried about them," she said.

There are reportedly no British passengers on board, but six of the crew are Britons, according to a UK embassy official in Cairo. Five are entertainers. The sixth is a hairdresser or beautician.




# Unita routs Soviet and Cuban supported offensive in Angola

BY ANTHONY ROBINSON AT LOMBA RIVER, SOUTHERN ANG OLA

UNITA guerrilla forces led by Dr Jonas Savimbi last week routed a heavily armed Cuban and Soviet-backed offensive by the Angolan government Fapla army after a three-day battle just south of the Lomba River in southern Angola. The battle, one of the fircest in ten years of civil war, pitted four Fapla motorised brigades of 4.600 men backed up by Soviet-built MiG fighters and helicopter gunships, against 5.500 Unita forces.

The offensive, launched on August 15 from Cuito Cuanavale, was aimed at capturing the town of Mavinga, a longtime Unita stronghold, whose strategic importance at the confluence of east-west transit routes is enhanced by its 3 km long dirt runway and its position as outer-defence point for Dr Savimbi's permanent base at Jamba some 230 kms further south.

## Strong denial

Reports from Luanda that the offensive was halted after attacks from South African aircraft, backed up by South African troops on the ground, were strongly denied by Dr Savimbi. At a press conference in his underground dugout at Mavinga, Dr Savimbi told foreign and South African correspondents that "not a single Sou htAfrican soldier" had been involved and that the 17 aircraft shot down, including 5 MI-25 helicopter gunships, had been hit by anti-aircraft, mortar and other ground fire.

Dr Savimbi said the attacking forces had lost approximately half their strength, with at least nine Soviets and 38 Cuban advisers killed, while Unita losses were 410 dead and 822 wounded. The wounded he added were being assisted by South African army medical teams as well as doctors from France and the Red Cross.

Correspondents taken round the battlefield were able to verify the scale of material losses put by Dr Savimbi as 79 vehicles destroyed and 52 captured. The lumbering convoy of Soviet and East German-built heavy duty trucks, rocket launchers, armoured personnel carriers, tankers and troop transports came under heavy and accurate machine gun, rocket and mortar fire from mobile Unita forces, many on foot.

"Bogged down in the sandy, rutted tracks and with only limited cover from bush shrub and small trees, dozens of burnt-out trucks littered the ground and many rotting corpses still lay where they had fallen. Some of the trucks were mounted on ammunition cases and appeared to have been under repair when attacked. Others, such as a fully loaded 'Stalin's Organ' rocket launcher and an ammunition truck exploded with such violence that debris was spread over a wide area while acres of scrub were totally burnt out."

The turning point in the three-day battle came on September 29 when Fapla forces were ordered to retreat across the Lomba River back to Cunjamba.

Soviet advisers, up to 15 per brigade according to intercepted radio messages, were being airlifted out of the battle zone by helicopters protected by Angola, Cuban and Soviet piloted MiG 21 and MiG 23 fighters. "But the Russians are like elephants, they go and then they come back again," he added.

The thwarted attack on Mavinga closely followed an earlier, and more successful offensive, against the town of Cazombo which fell to Fapla forces on September 19. "We decided to abandon the town and return to classic guerrilla operations. We still control the frontiers with Zaire and Zambia and the surrounding area of the Cazombo salient and heavy rain is falling there which will bog Fapla down," Dr Savimbi said.

## More sympathetic

He added that the degree of Soviet involvement in the current offensives was unprecedented and had caused concern in neighbouring black states whose presidents he had met in recent weeks. It had also lead to greater sympathy for Unita's cause. "Over the last four weeks we have received more sophisticated equipment from South Africa, Arab states and indirectly, from Europe, than in the previous 10 years." The aid included anti-tank and anti-aircraft weapons and 120 mm mortars.

Dr Savimba added that the political aim of the twin Fapla offensives was to silence those within the MPLA government arguing for a negotiated settlement with Unita but also was part of broader Soviet objectives. These were to test the West's will to resist in the run-up to the Reagan-Gorbachev summit and discourage the U.S. from taking advantage of the recent repeal of the Clarke Amendment which hitherto has prevented U.S. assistance to Unita.





# Tokyo insurers pay out on loss of JAL crash Jumbo

A JAPANESE insurance pool has paid Y8.4bn (£27.6m) to Japan Air Lines to cover the loss of a Jumbo jet which crashed August 12 killing all but four of 524 people on board, insurance officials said yesterday. Agencies report from Tokyo.

The syndicate of 22 insurance companies, led by Tokyo Marine and Fire Insurance, made the payment on August 30, the officials said. Tokyo Marine paid the money as syndicate leader and made out bills to 21 other members to collect their shares later. Tokyo Marine, however, refused to confirm the report.

One of the pool members, Yasuda Fire and Marine Insurance, said it had paid its share in the insurance pool to Tokyo marine. Yasuda said about 90 per cent of money could be recovered as they had reinsured JAL aircraft at international market led by Lloyd's of London.

Carla Rapoport adds from Tokyo: Japan Air Lines and Boeing of the U.S. have agreed to share the responsibility for negotiating the compensation to be paid to the families of 520 people who died when the aircraft crashed into a mountainside after taking off from Tokyo's Narita Airport.

Referring to "improper repairs" carried out by Boeing on the ill-fated aircraft, a JAL official said that neither the cause of the accident nor the degree of liability by JAL or Boeing could be expected to be clarified in the near future. As a result, the two companies would co-operate in negotiating compensation in order to ensure the swiftest possible settlement of claims by the families and four survivors.

A statement released on behalf of Boeing in Tokyo said that the negotiations will be carried out by JAL officials, on behalf of the two companies.

● JAL suffered a 26.7 per cent drop in the number of passengers during September, with a 41.1 per cent fall on its Tokyo-Osaka route, compared to September 1984.

# Ethiopia 'still needs aid'

*BY QUENTIN PEEL IN BRUSSELS*

ETHIOPIA still needs up to 1.2m tonnes of food aid in the coming year, in spite of the recent rains which have broken the three-year drought in the country's northern provinces.

Full recovery of agricultural production from the drought will take another three years, according to Mr Mersie Ejigu, the Ethiopian Planning Minister. Even then desertification and erosion of the top-soil in the drought-affected areas could prove irreversible.

Mr Ejigu spelt out his country's food needs and aid priorities in talks on Monday with Sig Lorenzo Natali, the European Commissioner responsible for development. Ethiopia has been promised Ecu230m (£131m) in aid over the next five years under the Lomé convention, apart from emergency food aid needs.

The minister also defended his Government's highly controversial population resettlement programme, aimed at moving some 1.2m people of the 7.9m most affected by the drought.

He said resettlement would actually greatly assist the recovery of agricultural production, by moving people away from land destroyed by centuries of cultivation and precarious weather conditions.

# Suharto assures oil majors

BY KIERAN COOKE IN JAKARTA

PRESIDENT SUHARTO has assured foreign oil companies operating in Indonesia that his Government remained committed to encouraging foreign participation in oil exploration.

Speaking at the opening of celebrations marking 100 years of oil production in Indonesia, Mr Suharto said that as long as foreign companies understood the needs of his country's development programme, they would be welcome.

Dr Subroto, Indonesia's Energy Minister and current chairman of the Organisation of Petroleum Exporting Countries, said that there were still vast areas to be explored in Indonesia, South-East Asia's biggest oil producer. "We continue to ensure you a stable political and economic environment conducive to profitable oil operations," he told more than 300 oil executives.

# IMF ANNUAL MEETING

## IMF chief backs greater debt role for World Bank

BY PETER MONTAGNON IN SEOUL

MR JACQUES DE LAROSIERE, managing director of the International Monetary Fund, has strongly endorsed a greater role for the World Bank in dealing with the developing countries' debt crisis.

In what is being interpreted here as a significant shift of emphasis in IMF policy, Mr De Larosiere also stressed the need for renewed growth in debtor countries in his opening speech to the annual meeting here yesterday.

"Today, with the necessity in so many countries for major structural adjustments and sectoral reforms, the role of the World Bank has never been more important."

"Clearly the only workable approach to alleviating the debt service burden is one in which output and exports of indebted countries grow arpidly. In short, the debtor countries must grow out of debt," he said.

Throughout the section of his speech dealing with developing countries, Mr De Larosiere was at pains to take a conciliatory approach in an apparent effort to defuse the mood of acrimony which has soured relations between the IMF and some of its clients.

He made it plain that there should be no let up in the economic adjustment effort by debtor countries.

"In many countries budget deficits are still too high and continue to crowd private investment. Too often, when it comes to making choices, capital outlays are sacrificed in favour of less productive current expenditures. At the same time, the improvements in current account positions, spurred by external constraints, have in many cases involved severe import compression, a weakening of domestic economic activity, and increased unemployment.

"Thus, while external positions have sometimes improved dramatically, underlying weaknesses and imbalances remain to be addressed if economic growth is to be restored and social tension reduced."


De Larosiere: policy shift

Mr De Larosiere said there was no escape from the need to curb inflation through measures such as exchange rate and fiscal adjustment, but IMF policies "are not anti-growth as is sometimes contended," he said.

When inflation accelerated to exorbitant rates, severe disruption in the domestic economy could only be avoided by a reduction in the rate of monetary growth and deep cuts in the budget deficit.

But as a transitional measure, a wage-price freeze— which the market-orientated IMF traditionally mistrusts—"can be effective."

"Here I want to pay special tribute to the courage and determination of the Argentine authorities in launching a bold and far-reaching economic reform," he said in an accolade that would scarcely have been thinkable a year ago.

Among other ingredients of a growth-orientated adjustment policy were the promotion of domestic savings through "attractive" interest rates and a liberal trade policy.

## Daunting task lies ahead for Clausen's successor

BY STEWART FLEMING IN WASHINGTON

BY ANY STANDARDS it has been a difficult week for Mr A. W. (Tom) Clausen, President of the World Bank. Arriving in Seoul for the Bank's annual meeting, Mr Clausen found himself the centre of fevered speculation in the corridors of the Hilton Hotel and in the financial columns of the world's Press.

Mr James Baker, the U.S. Treasury Secretary, was scheduled to announce that the World Bank would move to centre stage, alongside the International Monetary Fund in a new official effort to resolve the international debt crisis.

The question that resulted from this was whether or not Washington, which by convention appoints the president of the bank, would ask Mr Clausen to serve another five years after his term expires next June.

With dignity and good humour, Mr Clausen parried reporters' questions and suffered the criticism of his stewardship of the bank which has been common currency both internally and externally over the past year.

Mr Clausen's period at the bank could hardly have been more difficult. Some of those who supported his appointment hoped that, as a Republican, he would find it easy to deal with the newly installed Reagan Administration in 1981. Instead, both he and the bank encountered hostility. The Administration had little sympathy for international institutions and certainly not for multilateral development banks.

By late 1982, the debt crisis had struck and before long questions were being asked about why the World Bank was not playing a bigger role in helping to resolve it. One reason was that the U.S. administration had indicated its opposition to such a move.

Mr Clausen and his colleagues nevertheless set about trying to exploit what little room for manoeuvre they had. They tried to step up the bank's quick disbursing loans and to compensate for the scaling back of major investment projects financed by the bank which accompanied the Third World's plunge into recession.

At the same time, they successfully built up the financial strength of the bank, an important accomplishment at a time when its borrowers were under a cloud. The bank was desperately anxious to retain its Triple A credit rating in the international bond and money markets in which it raises the money to lend to developing countries.

Mr Clausen also tried to create a more orderly management structure within the bank itself.

Mr Clausen's resignation yesterday signals the start of the search for a new president, who will be able to represent the institution more effectively in public. The candidate will need more finely-tuned political antennae and a more forceful personality if the bank is to expand its role effectively.

The new president will not, it seems, inherit the problem of only lukewarm support from the bank's major shareholder. Nevertheless, Mr Clausen's successor will still face a daunting task.


Clausen: stepping down after first term

## Baker's Third World debt plan

BY PETER MONTAGNON

MR JAMES BAKER, the U.S. Treasury Secretary, yesterday called for a new growth-orientated strategy for dealing with Third World debt problems and said commercial bankers should increase their lending to debtor nations by $20bn over the next three years.

His remarks were made at the opening of the International Monetary Fund-World Bank annual meeting in Seoul. The following are extracts of his speech.

"If the debt problem is to be solved, there must be a 'Programme for Sustained Growth,' incorporating three essential and mutually reinforcing elements:

"First and foremost, the adoption by principal debtor countries of comprehensive macro-economic and structural policies supported by the international financial institutions, to promote growth and balance of payments adjustment, and to reduce inflation.

"Second, a continued central role for the IMF, in conjunction with increased and more effective structural adjustment lending by the multi-lateral development banks (MDBs), both in support of the adoption by principal debtors of market-orientated policies for growth.

"Third, increased lending by the private banks in support of comprehensive economic adjustment programmes.

"I want to emphasise that the U.S. does not support a departure from the case-by-case debt strategy we adopted three years ago. This approach has served us well; we should continue to follow it.

"Emphasising growth does not mean de-emphasising the IMF. Through both its policy advice and balance of payments financing, the Fund has played a critical role in encouraging needed policy changes and catalysing capital flows. It must continue to do so. But it must also develop new techniques for catalysing financing in support of further progress. 'Enhanced surveillance,' for example, can sometimes provide an effective means of continued IMF involvement.

"The Fund should give higher priority to tax reform, market oriented pricing, the reduction of labour-market rigidities and to opening economies to foreign trade and investment. This will help assure that Fund-supported programmes are growth-oriented. It will be particularly important for the Fund to work closely with the World Bank in this effort.

"There is ample room to expand the World Bank's fast-disbursing lending to support growth-oriented policies, and institutional and sectoral reform. An increase in such lending can serve as a catalyst for commercial bank lending.

"A serious effort to develop the programmes of the World Bank and the Inter-American Development Bank could increase their disbursements to principal debtors by roughly 50 per cent from the current annual level of nearly $6bn.

"The international banking community has played an important role during the past three years. I am, however, concerned about the decline in net bank lending to debtor nations over the past year and a half,

"All of us can appreciate the commercial banks' concerns, but we believe these concerns would dissipate if the banks were confident that new lending is in support of policies for growth in the developing nations.

"Our assessment of the commitment required by the banks to the entire group of heavily indebted, middle income developing countries would be net new lending in the range of $20bn for the next three years. In addition, it would be necessary that countries now receiving adequate financing from banks on a voluntary basis continue to do so, provided they maintain sound policies.

"I would like to see the banking community make a pledge to provide these amounts of new lending and make it publicly, provided the debtor countries also make similar growth-oriented policy commitments as their part of the co-operative effort. Such financing could be used to meet both short-term financing and longer-term investment needs in the developing countries,

Mr Baker's debt plan is a step in the right direction, but it may prove ineffective unless the U.S. manages to foster lower interest rates, Herr Gerhard Stottenburg, the West German Finance Minister said, Reuter reports

Without a policy of lower U.S. interest rates, I fear the Baker concept will not bite," Herr Stoltenberg said.

But he said he fully backed the emphasis placed in the U.S. plan on the need for developing countries to pursue lasting growth.

Herr Stoltenberg said Bonn will not put pressure on German banks to step up their lending to developing nations.

## Chairman warns of protectionist threat

THERE are no clea rsigns that the economies of Japan and Europe are moving to offset the effects on world demand of the slackening growth rate in the U.S., the chairman of the 1985 joint annual meeting of the International Monetary Fund (IMF) and World Bank said yesterday.

Addressing the opening session of the four-day meeting, Mr Mamoudou Toure, Senegal's Minister of Economy and Finance, warned that under these circumstances "there is every reason to fear that authorities in industrial countries will be unable to resist the strong pressures" from vulnerable sectors of their industries for protection against foreign competition.

"Clearly, the developing countries will not be able to expand their exports, re-establish their creditworthiness and diversify their output if they have to cope with protectionist policies of the industrial countries,"—Mr Toure told representatives from the 149 member countries of the IMF and the World Bank.

Turning to the world debt problems, Mr Toure said a viable solution could not be separated from:

- A reorganisation in trade in developing country commodities based upon fair compensation for the work that goes into agricultural production;
- An opening up of industrial countries' markets.
- An improvement in the international monetary system, guaranteeing relative stability in exchange rates and interest rates at reasonable and sustainable levels.

Mr Toure noted that in absolute terms, the external debts of Latin American countries are on a quite different scale to those of African countries, especially those in sub-Saharan Africa.

He made clear that a uniform treatment of the debt problems of IMF and World Bank member countries could only aggravate the precarious financial position of those whose genuine development problems have yet to be addressed and whose resource needs are enormous.

Under current circumstances, Mr Toure stated, many of these poorer developing countries in Africa will be unable to service their debts, even after rescheduling, without foregoing the kind of investment required to ensure an appropriate development of their economies and living standards.

# AMERICAN NEWS

## Argentina celebrates Alfonsin's 'coup' on links with Britain

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINE officials are treating the meeting of President Raul Alfonsin with British opposition leaders over the Falklands as potentially their most significant diplomatic coup since their country's peace agreement with Chile over the Beagle Channel last year.

The talks held at the weekend in Madrid between Sr Alfonsin and Mr David Steel, the leader of the Liberal Party, have generated enormous and largely positive media coverage here this week, temporarily overshadowing both the human rights trial of the junta and other aspects of the campaign for the November 3 mid-term parliamentary elections.

On Monday night the state television network Channel 7 ran a special documentary at prime time contrasting the weekend meeting with Argentina's disastrous military conflict with Britain in 1982. Similar coverage was given to the talks held in Paris two weeks ago with the British Labour leader Mr Neil Kinnock.

For the Argentines, the importance of the meetings lies in having developed and refined alternative formulas as a basis for future negotiations, and reaching a compromise apparently acceptable to a wide body of opinion both in Britain and in Argentina.

Thus while both Mr Kinnock and Mr Steel have accepted sovereignty as part of a future agenda, the statements which emerged in Madrid avoided the historically conflicting words, "interests" and "wishes." in reference to the rights of the islanders, and instead laid emphasis on implementing tactical guarantees for their future.

Underlying the meetings has been public recognition by the British of Sr Alfonsin's democratic credentials in return for the Argentine leader's reaffirmed support for a diplomatic as opposed to a military solution to the Falklands problem.

The TV and Press photographs beamed widely here of a smiling Sr Alfonsin shaking hands with both Mr Kinnock and Mr Steel appear to confirm that the Argentine leader has not for the first time taken a deliberate gamble on a swing in the national mood here away from belligerence and towards compromise with the British.



## Lottery 'bug' gets California scratching

By Louise Kehoe in San Francisco

CALIFORNIANS are scratching. Hundreds of thousands of people are at it and the habit is spreading like wildfire. The "bug" can be dangerous, various learned folks have warned, but everybody is catching it and few seem to be worried. "Lottery fever" has hit California.

It all started last Thursday. Twenty-one million of the one-dollar tickets were sold in the first 24 hours and the pace has hardly slackened since.

All over California people are popping into their local shops in search of instant riches.

Already, the lottery has changed California's life style. No longer do supermarket customers and cashiers engage in casual chatter about the cost of real estate, interest rates, the weather and other Californian preoccupations.

Even the regular "have a good day" salutation has been replaced by "hope you have a winner."

Conversation has ground to a halt as everyone concentrates on the business of scratching the six little rectangles that hide dollar amounts ranging from $2 to $5,000. Three matching figures mean a prize and there is a tempting one in nine chance of winning the tickets say.

Most of those winners are just $2 or $5, amounts which hardly raise an eyebrow anymore. However, once in a while there are shreaks as some lucky individual uncovers a larger sum. One hundred dollar winners get a chance to win the big $2m prize that is fuelling the excitement.

Just in case anyone should suggest that all of this gambling is a frivolous waste of time, the state-run game contributes one third of its takings to the public school system.

Schools will not be the only winners. Thousands of businesses, from corner tores to large corporations, will hit the lottery jackpot without scratching a single ticket.

However, not everybody is pleased with the lottery. Teachers' unions, parent-teacher associations, school boards do not believe it as an appropriate means of raising funds to replace taxes axed by proposition 13 back in 1978.

They are afraid that if the lottery provides a bonanza for schools this year regular allocations from state taxes could be trimmed.

Canute James reports on efforts to reduce marijuana cultivation

## Jamaica nips drug trade in the bud

THESE are hard times for Jamaica's once thriving marijuana farmers. The island is fast losing its position as the second largest source of marijuana smuggled to the U.S.

According to the Jamaican government, this year's crop has been all but destroyed. "Our efforts in the anti-drug programme have been so effective that there will be virtually no summer crop this year," the Government's information service said.

This success against Marijuana cultivation is likely to please the U.S. which has been pressuring Jamaica to act against growers and smugglers.

It was as a result of this pressure that Mr Pearnel Charles, Jamaica's Utilities and Transport Minister, recently announced 164 security guards and ramp attendants at the Kingston Airport had been sacked. Flights of the state owned Air Jamaica have been landing in the U.S. with shipments of marijuana as part of the cargo.

"We have been advised by the U.S. Government that if marijuana or any other drugs are to be part of our cargo, manifested or unmanifested, we are going to lose our permit to fly into or out of the U.S.," Mr Charles explained.

Aircraft belonging to the carrier have been seized twice this year in the U.S. and the airline is facing fines of $13m (£9.7m) levied by U.S. customs.

The Government says it destroyed 1,712 acres of marijuana and seized 170,000 pounds of the drug which had been prepared for export in the first six months of this year. This is 700 acres more than were destroyed last year, when the island's security forces seized 450,585 pounds.


Seaga: strong measures

The U.S. drug enforcement agency had earlier estimated that Jamaica, second to Colombia as a foreign source of Marijuana, was providing about 1,900 tons annually, and valued ato ver $1.4bn. The agency estimated that only about 13 per cent of this went back into that Jamaican economy.

The pressure on Jamaica has also come from U.S. legslators, who have argued that the island's official aid from Washington, about $125m a year, should be cut until there was evidence of greater Jamaican willingness to fight marijuana farmers and smugglers.

While moving to reduce any threat to aid from Washington, the Jamaican Government has been unhappy with aspects of the U.S. approach to the problem. U.S. suggestions that Jamaica uses the chemical paraquat to destroy marijuana farms have been rejected.

Mr Oswald Harding, the junior Foreign Affairs Minister, said there was no known antidote to paraquat. Widespread intercropping on Jamaican farms could lead to legitimate crops being affected. He added that marijuana smokers could be affected if they used the drug treated with paraquat.

"We feel that concentrating on interdicting drug shipments is the most effective use of our limited manpower and equipment," he said.

Government officials have also argued that the U.S. should do more to control buyers and distributors in the U.S.

The reduction of marijuana farming has come through a combination of measures by the island's Government. Mr Edward Seaga, Prime Minister and Finance Minister, last year saw to it that 28 of the island's alleged marijuana traffickers were asked by the internal revenue to pay about $2m in income taxes.

The Jamaican army and police have been destroying illegal airstrips in remote parts of the island used by light aircraft ferrying marijuana to the U.S. The army has taken over security responsibilities at airports used for internal flights.

However, the security forces have admitted problems in policing the many coves and inlets around the island which are being used by boats taking marijuana to the U.S.

Jamaican attitudes to eradicating maijuana tend towards the apathetic. For over a century marijuana has been cultivated for personal use, which continues to be widespread, not only among the Rastafarian sect which considers the drug a part of religious ritual, but also among a growing number of teenagers.

Curbing cultivation and smuggling also poses a serious economic problem for villages whose economies have been built on the marijuana trade. The People's National Party, the main opposition to Mr Seaga, has raised the question of compensation for marijuana farmers who are being told to turn to more legitimate but less lucrative crops.

Mr Percival Patterson, chairman of the PNP, said the party was fully behind efforts to curb marijuana, but the issue of compensation had to be considered.

"Unless this is done the inducement to break the law will be strong," he said. "There is a precedent for such compensation, if one looks at what has happened in Turkey and elsewhere."

## Brazil unions step up action over wages

By Andrew Whitley in Rio de Janeiro

A WAVE of industrial strikes spreading through Brazil in support of quarterly wage adjustments was expected yesterday to hit two leading steel producers in Minas Gerais State, Belgo-Minella and Mannersmann S.A., a subsidiary of the West German concern.

Fiat's Brazilian subsidiary, the country's fourth largest car maker, was halted on Monday when an estimated 20,000 metal-workers in Minas Gerais downed tools.

The strikers have adopted a novel rolling action, involving at any one time about 15 per cent of the metal workers union's 75,000-strong membership in the state.

Pressure is growing on the Government to accept a wholesale shift to quarterly, as opposed to six monthly wage adjustments.

## Nicaragua protests over 'guerrilla border attacks'

BY TIM COONE IN MANAGUA

THE Nicaraguan Government has protested to the Costa Rican Government over further alleged attacks on its border posts by U.S.-backed guerrillas.

The attacks happened on Monday when, according to the protest note, the guerrillas fired from Costa Rican territory with machine-guns, rocket launchers and mortars on Nicaraguan troop positions at La Penca and Sarapiqui.

Both positions were held by the guerrillas until June this year, when an army offensive overran the bases and drove them across the border.

In Costa Rica pressure is mounting on the right-wing security minister, Sr Benjamin Piza, to move against the U.S.-backed guerrillas operating from the country.

Large numbers of peasant farmers have been displaced from the border zone as a result of the guerrilla activities there.

A number of ranches along the frontier openly support the guerrillas, and the ultra-right para-military organisation, the Free Costa Rica Movement (MCRL) has some of its members fighting alongside the counter revolutionaries inside Nicaragua, according to Sr Bernard Urbina, its president.

Sr Piza, is one of the founders of the MCRL.

However, according to Dr Alvir Antillon, the director general of the Costa Rican Foreign Ministry, the government has decided to "put an end to the presence of the counter revolutionaries on Costa Rican territory."

He said Costa Rica would be prepared to accept the presence of foreign troops to supervise the border region. He rejected recent Nicaraguan proposals to establish a demilitarised zone along the frontier, however.

## Dole moves on budget deadlock

By Reginald Dale, U.S. Editor, in Washington

WITH FRESH funds for the U.S. Government still blocked in Congress, the Treasury can "hold out" until noon today before running out of cash, Mr Robert Dole, the Senate Republican majority leader, reported yesterday.

After a meeting of Senate Republicans, Mr Dole put forward a formula for breaking the deadlock that has kept the Government teetering on the verge of technical insolvency how the proposal would be received by Senate Democrats, who have been holding up legislation that would release money for the Government by raising the national debt limit.

Mr Dole's proposal was that the Senate should first vote on the budget plan, intended to eliminate the federal deficit by 1991, and then pass a one-week extension of the debt limit today.

### Chase Manhattan backs a project to modernise bills of lading

## Shipping papers face revolution

BY JOHN DAVIES IN FRANKFURT

THE TRADITIONAL system of handling vital shipping documents for heavily traded bulk cargoes may be facing a revolution.

A project backed by Chase Manhattan Bank of the U.S. aims to streamline centuries-old practices grown up around bills of lading, which are a title of ownership of a ship's cargo. If the idea succeeds it could have important implications in trading of oil and other bulk materials.

Beavering away at the ambitious project is a team brought together by Chase under the name of SeaDocs Registry, a subsidiary company with its operational centre in London.

SeaDocs aims to provide a central registry for bills of lading (with the documents stored in a central vault) and to use modern computer and communications technologies to gather certain data in the wake of trading transactions.

The venture reflects a world trend towards using electronics to make documentary procedures more efficient in trade and transport.

In recent years a number of electronic systems have been developed and installed to improve the handling of various types of shipping documents, notably for general and container cargo.

But apart from such problems as standardising practices and controlling access to the systems, there has been the headache of laws and conventions dating from pre-electronic ages.

Documentary data can be transferred electronically in an instant, but legal systems still tend to put great store on the exchange of original paper documents.

SeaDocs is concerned with the special problems of multiple-traded bulk cargoes, particularly oil. The physical exchange of bills of lading cannot always keep pace with a chain of international trading deals.

An oil cargo can "change hands" 20 times or more before it reaches a port of discharge, as buyers and sellers react to trends in prices and business conditions.

Although procedures have developed to try to safeguard parties involved in deals, disputes have arisen because of missing or incorrect bills of lading.

A long-running court battle arose in West Germany and the UK after the master of the Sagona, a Norwegian vessel, delivered Italian gasoil to a trader in northern Germany in 1978 without receiving an original bill of lading.

As a result, a lawyer associated with the International Association of Independent Tanker Owners (Intertanko) drew up proposals which were circulated to several banks and which were taken up and developed by Chase Manhattan.

SeaDocs, headed by Mr John Stork as managing director, aims to get around the problems by combining old with new.

Bills of lading would retain their original function and business deals would go on as before, but uncertainties would be reduced by bringing the bills of lading to a central, secure registry.

Changes of ownership would be entered in the registry once buyer and seller reported that there had been a deal. At the heart of the system is a digital equipment Microvax II computer, together with a message switching system.

SeaDocs is going through a "pilot phase", due to end with a full-scale test in the second quarter of next year, using trading of oil from the Ekofisk field in the North Sea. It then plans to begin commercial operation.

Co-operating in the pilot phase are oil companies involved in Ekofisk, including Phillips Petroleum as the Teesside oil terminal operator, and a group of shipowners, traders and banks.

SeaDocs executives are already planning to widen the project to another North Sea oil field and to other bulk materials, possibly grain. They are also looking at North America and Asia.

They acknowledge that they have a difficult task in seeking universal acceptance among the diverse interests involved in bulk cargo trading, but they claim a wide degree of support and foresee further momentum.

By overcoming uncertainties, one effect of the SeaDocs system could be to reduce the need for letters of indemnity.

These are an insurance-type device to give carriers financial protection against legal claims in any dispute over the right to their cargo.

Letters of indemnity oil the wheels of cargo handling but do not remove all problems, says Mr Graham Boyce, SeaDocs' deputy managing director. They also block lines of credit and can involve substantial unknown risks.

SeaDocs is adopting strict measures to ensure security and confidentiality, according to Mr Anthony Albert, the marketing director and a former Chase executive. It has also arranged substantial insurance safeguards, he said.

If a bill of lading leaves the registry (for instance, because a "non-participant" in SeaDocs becomes involved in a chain of trading deals) it will not be taken back later as SeaDocs will no longer have a guaranteed record of its legal ownership, Mr Albert said.

## Japan soda ash groups may act on U.S. imports

By Carla Rapoport in Tokyo

JAPAN'S leading soda ash companies are considering legal action against U.S. makers for allegedly dumping the product in Japan.

The move would be unprecedented in U.S.-Japan trade.

The four companies, Asahi Glass, Toyo Soda, Central Glass and Tokuyama Soda, alleged yesterday that six U.S. companies are selling their soda ash in Japan for a substantially cheaper price than in the U.S. Soda ash is used primarily to make glass, chemicals and detergents.

The six U.S. companies are Stouffer Chemical, Allied Corporation, FMC Corp, Texas Gulf, Tenneco, and Kerr-McGee.

According to industry statistics, U.S. soda ash exports to Japan in 1984 reached 190,000 tonnes from just 29,000 tonnes in 1982. As a result the Japanese companies say, they are operating at about 65 per cent of their capacity, compared to 90 per cent in 1982.

Despite these allegations, U.S. soda ash accounts for less than 17 per cent of the Japan's total consumption of 1.2m tons, and U.S. companies have been pressing for greater access to the Japanese market.

Stouffer Japan said yesterday that the claims were not fair to the U.S. companies because the Japanese could not accurately determine either the sales price of soda ash in the U.S. or the manufacturing costs.

## Airbus to canvass support for two new projects

BY DAVID MARSH IN PARIS

AIRBUS Industrie, the European airliner manufacturing consortium, is stepping up its bid to add to its aircraft range.

This month it will be canvassing support from about 40 international airlines for two new airliners planned to be in service by the early 1990s.

The consortium will discuss specifications and finance for the project from interested airlines.

Airbus marketing and technical teams are visiting the airline companies to put forward proposals on the two aircraft, the twin-engined short-to-medium range TA-9 and the long-range four-engined TA-11.

The effort is being spearheaded by M Jean Pierson, the Airbus chairman who took over in April. He is currently visiting airlines in the Far East and then plans to go to North America.

Airbus Industrie is asking world airlines for reaction to tentative design specifications for the new aircraft worked out with a small study group of top companies, set up earlier this year.

This group includes Lufthansa of West Germany, Pan American World Airways and Singapore Airlines.

Airbus is also hoping to persuade some airlines interested in the TA-9 and TA-11 to help finance the projects' estimated $2bn (£1.4bn) development costs.

Airbus over the past decade has relied on about $5bn in low-cost government loans from France, West Germany and Britain, to finance production of its wide-body A-300 and A-310 airliners and, now, the narrow-body A-320 under development.

Airbus believes launch aid from governments, channelled through its main shareholders Aerospatiale, Messerschmitt Boelkow Blohm and British Aerospace, will still be needed for the TA-9 and TA-11.

But with present Airbus loans not likely to be paid back at least until the late 1990s, all three governments may be cool about providing large sums of further cash.

The idea of attracting finance from airline companies—now making healthy profits again in line with the international recovery in air traffic—is therefore likely to be seriously discussed.

Boeing, the dominant world aircraft manufacturer, is believed in the past to have relied on airline finance to help defray development costs of previous airliner series.

Airbus hopes that a definite decision on building the TA-9 and TA-11 could be made in 1986-87, allowing the first aircraft to enter service around 1991.

Building the two aircraft as a common programme would bring significant advantages because they would share the same wings as well as other elements of the fuselage and cockpit, keeping down overall costs.

Airbus's determination to press ahead with the two new projects has grown with the realisation that the consortium needs a full range of aircraft types to compete effectively with Boeing.

Confidence in the consortium's ability to spot emerging gaps in the airliner market has increased following success during the summer in winning fresh orders for the A-320, which is still 2½ years away from entering service.

Kenya Airways has ordered two A-310-300 twin-engined Airbuses from Airbus Industrie, the European airliner manufacturing group, worth an estimated $70m (£50m), including initial spares, Michael Donne, Aerospace Correspondent, writes.

Delivery of the first aircraft is due next May, with the second aircraft in September.

## China to boost overseas routes

BY ROBERT THOMSON IN PEKING

PLANS announced by the Civil Aviation Administration of China (CAAC) to expand its international operations will include opening routes to Italy, Canada and several other countries, and the purchase of at least 30 more aircraft in the next three years, continuing the buying spree of the past year.

Already this year, CAAC has spent well over $1bn (£714m) on about 40 new aircraft. As well, it has launched a campaign to improve its passenger service.

The expansion plans also include increasing the frequency of flights on busy runs, such as these from Hong Kong to the mainland and from Tokyo to Peking. For example, the Tokyo-Peking run is fully booked for the next week with waiting lists of up to 200 people on some flights.

The future of Hong Kong-mainland flights will depend on the outcome of negotiations between British and Chinese aviation authorities on a joint air agreement, likely to be completed by the end of the year.

In announcing the expansion plans, Guo Hao, Deputy Director-General of CAAC, said the changes will be necessary to meet the demands of China's opening to the outside world.

## Czechs look at U.S. as market for Skoda cars

BY LESLIE COLITT IN BERLIN

CZECHOSLOVAKIA is looking at the U.S. as a market for its Skoda cars. The first Skodas to be exported to the U.S. would be a new Bertoni-designed model which is to go into production in 1987.

The new Skoda which would be sold in the U.S. will be a front wheel drive car incorporating mechanical and electrical parts built under licence by Western companies.

Skoda is tooling up for the new model and is unable to deliver enough of the current model to satisfy demand in the West.

Mr Jan Machaj, general director of the Motokov foreign trade organisation which exports the Skoda, noted recently in Brno that if Yugoslavia can sell cars in the U.S. "so can we." Yugoslavia is selling its new Yugo model developed for the U.S. market.

He said that Czechoslovakia's lack of most-favoured-nation status in the U.S. would not hurt car exports because customs duties were only about 10 per cent.

One of Motokov's top executives, Mr Andrej Barczak, was recently sent to New York to head Motokov's U.S. operation which sold nearly 1,000 tractors on the U.S. market last year.

He is sounding out prospects of also selling the Skoda — about 2,300 Czech cars were exported to Canada last year. Skoda's largest market in the West is the UK which took 12,000 cars last year.

About 70 per cent of the 190,000 Skodas produced annually are exported and 80 per cent of these are sold to the West. Mr Machaj said Skoda is seriously considering expanding production.

## BMW ponders motorcycle plant in China

By John Davies in Frankfurt

BMW, the West German car and motor-cycle maker, has been weighing up a possible arrangement to produce motor cycles in China.

The company said yesterday that the Chinese had expressed interest some time ago in a joint venture with BMW. But the company was not able to say at the moment whether any such project might be feasible.

Herr Eberhard von Kuenheim, BMW's chief executive, has just ended a visit to China, although he went as a representative of Bavarian industry, accompanying Herr Franz-Joseph Strauss, the State Premier.

The Chinese have been making efforts to build up their motor-cycle industry, as well as car production, with the help of Western "know-how" and equipment.

Volkwagen and its Chinese partners are currently building up production of Santana cars in Shanghai under an ambitious joint venture, which envisages production reaching 30,000 vehicles or more a year. A limited number of Daimler-Benz cars will also be produced in China.

## Finns in Soviet factory bid

BY OLLI VIRTANEN IN FINLAND

WARTSILA, Finland's leading shipbuilding company, is negotiating on building a $200m (£142m) marine diesel engine factory in the Soviet Union. At full capacity the factory will produce 400 engines a year.

The Finnish company has been planning the factory with Soviet officials for two years. Recently Moscow decided on the go-ahead and Wärtsilä believes that technical negotiations will begin later this year while commercial talks will probably commence next year.

The Finnish company has been planning the factory with Soviet officials for two years. Recently Moscow decided on the go-ahead and Wärtsila believes that technical negotiations will begin later this year while commercial talks will probably commence next year.

The turn-key project will be built in stages with the initial phase involving construction of capacity for 100 engines at the cost of $50m.

The project will be completed to the level of 400 engines in a few years after that. A Wärtsiläspokesman refused to speculate on when the project is likely to begin.

## Voest-Alpine shares in Korea order

By Patrick Blum in Vienna

VOEST-ALPINE, Austria's state-owned steel, engineering, electronics and trading group, has won a Sch 900m (£34m) order jointly with Hyundai of South Korea to design and deliver a second sintering plant for the South Korean Pohang Iron and Steel Company's steel works in Kwangyang.

Voest's share of the order is about half the total value of the order. The Austrian company has also won a smaller contract to provide and install automation equipment from the Chinese Steel Corporation for a steel mill currently being built in Taiwan by a Japanese company.

Voest also announced yesterday that it has won a Sch 300m contract from BHP of Australia to build and equip a rolling steel mill in Brisbane. This is the first engineering contract for Voest in Australia, although the company is active in mining there.

### India considers offer to develop port

India is considering an offer from Hyundai Corp of South Korea to develop the eastern port of Paradip, shipping ministry officials said, Reuter reports.

Hyundai's offer stipulates the development costs of $115m are to be repaid through the export to South Korea of about 6m tonnes of iron ore a year over 10 years compared with current annual exports of around 2.5m tonnes.

### BASE LENDING RATES

| | | | |
|---|---|---|---|
| A.B.N. Bank | 11½% | ■ Hambros Bank | 11½% |
| Allied Dunbar & Co. | 11½% | Heritable & Gen. Trust | 11½% |
| Allied Irish Bank | 11½% | ■ Hill Samuel | §11½% |
| American Express Bk. | 11½% | C. Hoare & Co. | 11½% |
| Henry Ansbacher | 11½% | Hongkong & Shanghai | 11½% |
| Amro Bank | 11½% | Johnson Matthey Bkrs. | 11½% |
| Associates Cap. Corp. | 12 % | Knowsley & Co. Ltd. | 12 % |
| Banco de Bilbao | 11½% | Lloyds Bank | 11½% |
| Bank Hapoalim | 11½% | Edward Manson & Co. | 12½% |
| BCCI | 11½% | Meghraj & Sons Ltd. | 11½% |
| Bank of Ireland | 11½% | Midland Bank | 11½% |
| Bank of Cyprus | 11½% | ■ Morgan Grenfell | 11½% |
| Bank of India | 11½% | Mount Credit Corp. Ltd. | 11½% |
| Bank of Scotland | 11½% | National Bk. of Kuwait | 11½% |
| Banque Belge Ltd. | 11½% | National Giro Bank | 11½% |
| Barclays Bank | 11½% | National Westminster | 11½% |
| Beneficial Trust Ltd. | 12½% | Northern Bank Ltd. | 11½% |
| Brit. Bank of Mid. East | 11½% | Norwich Gen. Trust | 11½% |
| ■ Brown Shipley | 11½% | People's Trust | 12½% |
| CL Bank Nederland | 11½% | PK Finans Intl. (UK) | 12 % |
| Canada Permanent | 11½% | Provincial Trust Ltd. | 12½% |
| Cayzer Ltd. | 11½% | R. Raphael & Sons | 11½% |
| Cedar Holdings | 12 % | Roxburghe Guarantee | 12 % |
| ■ Charterhouse Japhet | 11½% | Royal Bank of Scotland | 11½% |
| Choulartons** | | Royal Trust Co. Canada | 11½% |
| Citibank NA | 11½% | ■ J. Henry Schroder Wagg | 11½% |
| Citibank Savings | ¶12½% | Standard Chartered | ‖11½% |
| City Merchants Bank | 11½% | TCB | 11½% |
| Clydesdale Bank | 11½% | Trustee Savings Bank | 11½% |
| C. E. Coates & Co. Ltd. | 12 % | United Bank of Kuwait | 11½% |
| Comm. Bk. N. East | 11½% | United Mizrahi Bank | 11½% |
| Consolidated Credits | 11½% | Westpac Banking Corp. | 11½% |
| Continental Trust Ltd. | 11½% | Whiteaway Laidlaw | 12 % |
| Co-operative Bank | 11½% | Yorkshire Bank | 11½% |
| The Cyprus Popular Bk. | 11½% | | |
| Duncan Lawrie | 11½% | | |
| E. T. Trust | 12 % | | |
| Exeter Trust Ltd. | 12 % | | |
| Financial & Gen. Sec. | 11½% | | |
| First Nat. Fin. Corp. | 12½% | | |
| First Nat. Sec. Ltd. | 12½% | | |
| ■ Robert Fleming & Co. | 11½% | | |
| Robert Fraser & Ptns. | 12½% | | |
| Grindlays Bank | ‡11½% | | |
| ■ Guinness Mahon | 11½% | | |

■ Members of the Accepting Houses Committee.

* 7-day deposits 8.00%. 1-month 8.50%. Top Tier—£2,500+ at 3 months notice 11.25%. At call when £10,000+ remains deposited.

† Call deposits £1,000 and over 8.00% gross.

‡ 21-day deposits over £1,000 9.25%.

¶ Mortgage base rate.

** See Provincial Trust Ltd.

§ Demand dep. 8%. Mortgage 13%.

# THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Consultancy

## Trouble-shooting on a part-time basis

**Alan Pike reports on a secondment scheme in Wales**

NYE EVANS says that his company's business doubled in a year thanks to ExSec. Malcolm Hackman admits that without ExSec he might have been forced to close his works completely.

Since this elixir of business life visited both companies at the modest cost of only £15 per day travelling expenses, ExSec looks very good value indeed.

ExSec — Executive Secondment—was set up two years ago to offer big busines expertise to small companies in Wales. Under the scheme specialist managers from large organisations work in small companies on a part-time basis to help solve specifically identified problems.

ExSec, devised by the CBI Wales Region and the Welsh Development Agency, is supported by a range of organisatons including BSC (Industry) — the steel corporation's job-creation company — PA Management Consultants and the Development Board for Rural Wales. Shell, BP, Kellogg's, Allied Steel and Wire and ICI are among employers which have already supported the initiative by seconding managers. Small companies are made aware of the service through a number of promotional efforts, including leaflets sent out by the WDA.

Behind the scheme is a belief among the sponsoring organisations that the development of many small companies is hampered by lack of management expertise in particular specialist skills.

ExSec attempts to bridge this gap. It will typically second a manager to a small company for two or three days a week for up to six months. In total a manager's secondment is supposed to last for two years, though not all companies have allowed this.

It is not, however, a rescue operation for troubled businesses. ExSec executives satisfy themselves that companies are financially viable and have the potential for further development. The seconded manager goes in to carry out a specific, jointly-agreed assignment, not to take over the general running of the business.

Metpro, a Bridgend company which produces ingot casting, scrap shredding and other equipment, was one of the first businesses to benefit from the creation of ExSec in 1983.

Nye Evans, its chairman, admits to having a low general regard for industry-assistance schemes backed by public agencies. But his company also had a problem—how to increase the penetration of its specialist products in overseas markets. The cost of developing an adequate network of agents in new markets was beyond the resources of the company, in terms of both finance and management time.

Under the ExSec scheme Hugh Goldsmith, a Shell marketing executive, joined Metpro to help work out a new overseas marketing strategy. Goldsmith brought previous experience—and contacts—in South America and East Asia.

Thanks to his efforts, Metpro has enlarged its factory space by 50 per cent and increased its staff from 24 to 36. Turnover has doubled over the past year. Metpro's UK market share has remained constant with the growth coming from increased export orders for which the company thanks Hugh Goldsmith.

"He set up agencies and gave us contacts we could never have developed ourselves," says Evans. "So far as I am concerned, the Government could take away all their grants and loans and concentrate on this sort of scheme to develop particular businesses."

A short distance away near Porth in the Rhondda, Malcolm Hackman and his brother David were struggling with their 34-year-old family printing business when they sought help from ExSec. Orders were coming in and they were working as hard as they knew how, but this was not reflected in their financial results.

"We had approached consultants in the past who came up with plans and recommendations, but then went away and left us to implement them," says Malcolm. "We had a terrible feeling of isolation, knowing something was not right with the business but not really being sure what it was.

"When ExSec sent Ken Charles to work with us, we went along to meetings with the bank and for the first time felt that there was someone on our side arguing from our point of view."

Charles, an accountant seconded by Control Data, helped the Hackman brothers reorganise their accounting procedures to give them a clearer idea of the profitability of particular jobs.

He introduced them to the unusual notion of turning orders down if they were going to lose money on them. Keeping the presses turning at any price was not a guaranteed route to profitability. Some of this work—including a long-standing contract with a local authority which the brothers had been undertaking at unprofitable rates—has returned on more rewarding terms.

"Our problem was not lack of business but trying to cope with the business we had," says Malcolm. "We might not have survived without ExSec. Now we have confidence in what we are doing."

These are substantial testimonials to a scheme which has so far operated with almost no funds. Managers continue to receive their salaries from the companies seconding them. Small companies using the service make a notional contribution to travelling expenses. Other costs, like marketing ExSec and providing its offices, are met by the Welsh Development Agency.

The scheme is available to companies with between 10 and 150 employees—nine out of ten Welsh businesses employ fewer than 50 people. So far ExSec has become involved with 38 businesses.

About half of these have wanted the assistance of financial and accounting specialists. The next most sought-after skill—covering about 25 per cent of companies—has been marketing, while the remainder have had production, administration or personnel problems.

Derek Morgan, Midlands regional director of PA Management Consultants who has been closely involved with ExSec from its inception, stresses the two-pronged value of the scheme. "It is heartening to see companies which are being helped to develop. But the scheme also develops the outlook of the seconded managers. It makes them more valuable to their parent companies when they return.

"There is no shortage of small companies awaiting assistance so long as we can find enough suitable secondees to provide it."

The founding purpose of ExSec was to help small companies stabilise and grow, thus improving the employment base and economic prospects of Wales. But the impact upon the seconded managers of working within the scheme has proved an important by-product.

With the first batch of two year secondments to ExSec now coming to an end, the scheme's organisers are currently trying to persuade more big employers to release staff for the next two years.

This is not an easy task. The objective of assisting small companies can be met only by seconding managers who combine the right mix of specialist and personality skills. And the market for secondees from industry is becoming, with the growth of enterprise agencies and education-industry link schemes, an increasingly difficult one.

So the development of schemes like ExSec depends upon large companies being prepared to regard the use of secondment not just as a service to the community, but as a positive career development tool for their managers.

There are indications that ExSec is having a dynamic effect on staff seconded from large companies. At least one of the first group of seconded managers has returned to a more senior role with his parent company, aided by experience gained on the scheme. And Ken Charles, after two years of helping people like the Hackman brothers tackle their problems, has decided to give up "safe, secure, pensionable employment" and continue working among small companies in Wales as a consultant.

"We're saved Mr Evans—it's Super ExSec to the rescue"

A personal view

## Abbreviation rules OK

BY MARTIN DICKSON

AN insidious disease is eating away at the traditional face of British industry. No, I am not referring to the debilitating effects of North Sea oil, the uncertainties of exchange rate movements or the divisive nature of the educational system. This particular ailment is the product of an unhealthy obsession with the letters of the alphabet.

More and more British companies are dispensing with proper nouns in their names in favour of initials. The ailment afflicts some of the grandest companies in the land (BTR, BL, TI Group) as well as a lexicon of smaller brethren, and it appears to be approaching epidemic proportions.

The sad story of two recent victims illustrates the trend: the spendidly named Wolverhampton Steam Laundry has suddenly become WSL Holdings, while Howard Machinery, the former manufacturer of rotivators, has metamorphosed itself into the bland anonymity of HM Holdings.

Now there are often very good reasons for companies to change their names. The expansion of successful businesses and the contraction of poor performers can make a nonsense of their original titles. It could, for example, be pretty ridiculous for BTR, with interests ranging from building products to Pretty Polly tights, to be known still as Birmingham Tyre and Rubber. At a more humble level, Wolverhampton Steam Laundry no longer describes that company's business adequately.

But when a change of identity is necessary, why the obsession with letters? There are at least three reasons for disliking the trend.

First, it makes life very confusing. Can you be sure of correctly distinguishing SGB, the construction company, from BSG, the motor components manufacturer, or DRG, the paper and packaging group? Or what about two competing sales promotion companies on the Unlisted Securities Market: KLP and FKB. (A third, Counter Products Marketing, is usually known as CPM.)

The sector most prone to the disease is high tech electronics, which boasts names such as CAP, CPS Computer, and CPU Computers.

Second, there are cultural and aesthetic objections. Letters cut off a company from its historical roots, and they usually lack the euphony of a proper name. Put more simply, letters are just plain boring. The name Ransome Hoffman Pollard has a proud ring to it, and is suggestive of the company's history as a great manufacturer of bearings. RHP Group has about as much romantic appeal as a car number plate.

Third, I suspect that a number of companies abbreviate their names as an elaborate public relations exercise, trying to convince the world that this ruthless excision of letters is the verbal counterpart of an equally lean and ruthless new management philosophy. But adoption of a BTR-style name does not necessarily produce a similar impact on performance.

The same suspicions apply to those two words so often twinned with an abbreviated name: "Group" and "International." Most companies of any significant size have a group structure these days, so why does the "XYZ Group" have to boast of this fact to the world? Similarly, if the likes of Unilever and British Petroleum do not feel the need to trumpet the transitional scope of their operations, does not "XYZ International" look rather too puffed up in so doing?

But the picture is not entirely black. For example, three years ago the Lead Industries Group, concerned that its interests no longer reflected its name, eschewed letters when choosing a new title. Instead, it chose the word Cookson—a constituent part of the group dating back to the 18th century, and one which reflected the recent broadening of its interests.

Would that more companies would follow this example.

## Business courses

**Strategic market and policy issues, orientation for decision makers,** Kent, November 14. £235 + VAT, 3 or more people £210 + VAT. Details from Conference Secretary, Market and Policy Research, The Old Police House, 12 Station Road, Charing, Kent TN27 0JA. Tel. 023371 3305.

**Quantitative approaches to strategic planning uses and abuses,** London, November 4. Fee: £105 + £15.75 VAT; SLRP members £75 + £11.25 VAT. Details from Society for Strategic and Long Range Planning, 15 Belgrave Square, London SW1X 8PU. 01-235 0246/7.

**UK Copyright Law and Practice relating to Publishing and Entertainment,** London, November 4, 11, 18, 25. Fee: £165. Details from The Course Organiser (P10), Management Development Centre, The City University Business School, Frobisher Crescent, Barbican Centre, London EC2Y 8HB. Tel: 01-920 0111, Ext 288.

**Licensing,** London, November 6-7. Fee £370 + £55.50 VAT; after October 23 £390 + £58.50 VAT. Details from Miss J. K. van Wycks, Seminar Division, Crown Eagle Communications, Vernon House, Sicilian Avenue, London WC1A 2QT. Tel: 01-242 4111.

**Borrowing & Investing in the Short Term Money Markets,** London, November 20-21. Fee: £375 + VAT. Details from Jane Stephens, Oyez International Business Communications, Bath House (3rd Floor), 56 Holborn Viaduct, London EC1A 2EX. Tel: 01-236 4080.

**Star Wars: Europe and the SDI,** Brussels, November 21-22. Fee: £395. Details from Catherine Mortimer, The Economist Conference Unit, 25 St James's Street, London SW1A 1HG. Tel: 01-839 7000. Ext 420.

**Concepts of Corporate Financial Modelling,** London, November 26-27. Fee: £230. Details from Nigel Mead, Department of Management Science, Imperial College, Exhibition Road, London SW7 2AZ. Tel: 01-589 5111, Ext 7123.

**Managing Technological Change: Lessons from Europe,** London, October 28. Fee: £136 + £20.40 VAT; associate members £115 + £17.25 VAT; Corporate Members £92 + £13.80 VAT. Further details: Society for Strategic & Long Range Planning, 15 Belgrave Square, London SW1X 8PU. Tel: 01-235 0246.

# Tebbit launches Tory attack on Kinnock

BY PETER RIDDELL, POLITICAL EDITOR

SENIOR MINISTERS, speaking on the opening day of the Conservative Party conference, yesterday mounted a concerted attack on the record of Mr Neil Kinnock, the leader of the Opposition, in an attempt to prevent any Labour Party revival after its conference in Bournemouth last week.

Conservative strategists recognise that Mr Kinnock's two successful speeches attacking the hard-left have boosted him and his party's standing. They want to challenge this now.

Similarly, in a later speech, Mr Peter Walker, the Energy Secretary, in rare unanimity with his rival Mr Tebbit, accused Mr Kinnock of "cowardice" during the strike in the face of Mr Arthur Scargill, the president of the National Union of Mineworkers.

Mr Walker said: "One thing Mr Scargill can be certain of is that, as speeches during the day, to the delight of the rank and file Tories.

Mr Tebbit received standing ovations at the beginning and end of his speech of a kind never given before to previous party chairmen, partly because of his ordeal in the IRA Brighton bombing last year.

Mr Tebbit, who unusually faltered twice during his speech, con- Minister, in her closing address on Friday. Conservative leaders believe that the Government's current problems with voters are mainly because of uncertainty about the Government's sense of direction and objectives. Mrs Thatcher will aim to answer these doubts.

The party leadership's efforts to produce an unruffled conference

## The Conservative Party at Blackpool

Mr Norman Tebbit, the Conservative Party chairman, accused Mr Kinnock of saying nothing during the year-long miners' strike and of having to follow the lead of the big union bosses.

"We won't believe anything has really changed until you expel those extremists who carried the votes against you in your own party conference," he said. "It was a good speech, but unless Neil Kinnock can add action to rhetoric, it will soon be seen as no more than words, words, words."

long as Neil Kinnock remains leader of the Labour Party, no matter what extreme policies Mr Scargill pursues, no matter how he continues to deprive miners of their ballot, no matter how he links up with the Soviet Union and other communist trade unions, Mr Kinnock would never have the guts to have Arthur Scargill removed from the Labour Party."

These attacks on Labour, coupled with attempts to highlight divisions within the SDP/Liberal Aliance, were sustained in other ministerial

centrated on attacking the Opposition and devoted less than a fifth of his speech to the Government's record.

He acknowledged that to win the next election the Tories must have a vision of what sort of society they intended to create. This must involve restoring national unity, respect for traditional institutions and, above all, achieving a property-owning democracy which could transform attitudes in industry.

This theme will be taken up by Mrs Margaret Thatcher, the Prime

may be upset by the votes yesterday by representatives to hold debates on race relations and trade unions.

The result of a second ballot to choose the exact motions will be announced today. There could be some embarrassment since there are some hard-line motions calling for a ban on further immigration and for further legislation on trade union law.

Yesterday's debates were mainly low key with the only mildly critical speeches about some of the pro-

Mr Norman Tebbit: received standing ovation

posed changes in social security, notably in housing benefits. Apart from that for Mr Tebbit, the warmest ovations were given to Mr Walker and Mr Norman Fowler, the Social Services Secretary.

# Production halted in disputes at two Vauxhall car plants

BY OUR LABOUR STAFF

SEPARATE WALKOUTS halted car production yesterday at Vauxhall's car plants at Luton, Bedfordshire, and Ellesmere Port, Merseyside.

At the Luton plant, more than 4,000 workers on the day and night shifts were sent home for the second day running in a dispute over the dismissal of a production worker last week.

At Ellesmere Port, more than 3,000 workers staged a half-day strike to protest at Vauxhall policy of importing the Astra model. They mounted a 200-vehicle motor cavalcade through the town centre.

The Luton dispute, which the company says has so far cost lost production of the Cavalier model worth more than £3m, started when the production worker was dismissed for refusing to move to another job in the trim shop on the assembly line.

About 30 other workers walked out in protest at the dismissal. When other production workers refused to fill their positions on the line, the management sent home all workers on both shifts. Yesterday, workers clocked on for the day shift as normal, but were sent home again an hour later.

A local official of the Transport and General Workers' Union said the company had offered to reinstate the dismissed worker, but had refused to discuss the matter further. According to the union, the worker had been prevented from talking to his shop steward when the incident occurred.

The Ellesmere Port walkout followed union claims that Vauxhall is breaking a national agreement on car imports – made when the unions relaxed opposition to imports of the Spanish-built Nova model – by importing Astras before utilising Ellesmere Port's production capacity to the full.

The unions say the Merseyside plant is still operating at a rate of 10 Astras per hour below capacity. They say that 30,000 Astras have been imported from West Germany in the past 14 months.

● A meeting is to be arranged shortly between leaders of the Amalgamated Union of Engineering Workers (AUEW) and Mr Norman Willis, the Trades Union Congress (TUC) general secretary, over details of the union's proposals to hold a fresh ballot on acceptance of government money for ballots.

The AUEW executive yesterday agreed to respond to Mr Willis's request for a meeting. It will be arranged as soon as possible.

The AUEW narrowly avoided suspension from the TUC last month over its acceptance of £1.2m under the 1980 Employment Act – a move which is in direct contravention of the TUC's policy of blanket opposition to the Government's employment legislation.

The formula which averted immediate suspension was designed to ensure that the AUEW did not recommend acceptance of the government cash in its new ballot.

At the Labour Party conference last week the union's executive disclosed that it would not use the word "recommend" on the new ballot paper, in an attempt to stay within the spirit of compromise.

However, the union intends to make it clear that the majority on the executive is in favour of accepting the money.

The ballot paper will set out the case both for acceptance and rejection of the money – both drafted by the AUEW. The meeting between Mr Willis and AUEW executive members will take place against this backdrop.

The AUEW's declared stance on the ballot form – while avoiding forthright recommendation – makes it more likely that members will vote in favour of accepting the cash.

Mr Gavin Laird, AUEW general secretary, said yesterday that the union would repeat its offer for the TUC to have space in the union's journal to set out the case for rejection. So far, this has not been taken up.

The first AUEW ballot on the government cash resulted in a 12 to one vote in favour of acceptance. If the fresh ballot leads to a repeated "yes" vote, the union faces suspension from the TUC.

# UK NEWS

## Riots influence dispute over urban aid cuts

BY ROBIN PAULEY

THE RECENT inner-city riots have complicated a dispute between Mr Kenneth Baker, Environment Secretary, and Mr Nigel Lawson, the Chancellor of the Exchequer, over how deeply to cut the Government's urban programme.

The urban programme is the Government's pool of cash allocated to local authorities which have the worst areas of inner-city decay and decline to fund specific social or economic projects of renewal or improvement.

Mr Lawson wants to stick to the plans in the public expenditure White Paper (policy document) which imply a further real terms cut in urban aid of 9.9 per cent in 1986–87 and a further 1 per cent in 1987–88.

Mr Baker has close on £1bn of extra expenditure bids to put to the "Star Chamber" – the special committee of Cabinet ministers which is deciding on the claims of the spending departments for expenditure above the limits which the Treasury wants to impose.

Mr Baker, whose claim includes an extra £500m for housing, had wanted to maintain the urban programme in cash terms at £338m for each of the next two years, representing a real cut of 4 per cent and 3¼ per cent.

Since then, there have been inner-city riots in London, Liverpool and Birmingham. The problem now facing Mr Baker, who is due to speak about local government finance this morning at the Conservative Party conference, is whether he might have to retract and ask for even more money so that urban aid is again seen to be rising in real terms, rather than being cut back still further.

Mr Nigel Lawson

After the riots of 1981, Mr Michael Heseltine then Environment Secretary, persuaded the Cabinet to increase the fund substantially.

It rose from £215m in 1981–82 to £270m in 1982–83 and £348m in 1983–84. These were rises of 17.6 per cent and 23.1 per cent respectively in real terms.

Urban aid then suffered a real cut of 7.5 per cent to £338m in 1984–85 and a further real cut of 4.3 per cent in 1985–86 by being held at the same cash figure.

● Mrs Cynthia Jarrett, the black woman whose death at the weekend started the riot in Tottenham, north London, died of heart disease, an inquest was told yesterday.

Mrs Jarrett, aged 49, collapsed and died during a police search of her home.

Mr Bernard Carnell, the family's solicitor, said he had instructed a pathologist to carry out a second post mortem examination. He said the family would co-operate with the inquiry being conducted by a senior policeman into the circumstances of the death.

Urban renewal, Page 17; editorial comment, Page 18

U.S. SALARIES HELP TO FUEL CITY'S WAGE EXPLOSION

## 'Super pay' era set to continue

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE STEEP spiral of earnings among stockbrokers, investment analysts and money traders in the City of London is set to continue unabated, in spite of the problems such salaries are now throwing up.

Part of the cause of the inexorable rise of 'super pay' is the effect of salaries paid by U.S. banks in their home base are now seeping in to their London subsidiaries.

The journal of Income Data Services' Top Pay Unit says that UK merchant and investment bank salaries still lag considerable behind U.S. levels, however. Quoting the journal Euromoney, IDS says: "While U.S. financial institutions continue to expand or arrive in London to build up their equity trading top earnings can only go one way – up."

IDS says that the other reasons for rapid salary rises are common to any market taking off rapidly. It says that merchant banks and stockbrokers have typically operated with a few hundred staff among which pay has been high but informally set in a "comfortable and fairly stable market."

Now, however, "the arrival of U.S. banks and investment houses... has changed all that. Most U.S. financial institutions have long had developed compensation practices, have already coped with deregulation on Wall Street some years ago, and have never been afraid to go out and pay for the people they want. Gentlemanly behaviour had nothing to do with it – financial results are everything."

The importation of this culture has meant the development of teams of key people, who "quite suddenly acquired the opportunity for exceptional six-figure earnings."

IDS says that salaries start relatively high, with graduates entering stockbroking houses receiving £7,500–£9,500 this year as assistant analysts. After two years, salaries run at £14,000 to £15,000 for analysts, then up through the ranks to top analysts at around £75,000.

However, it is only once brokers and analysts become partners that the super earnings begin; a really high earner would receive £100,000 as base salary, with a total earning package in a good year, assuming a share in the earnings, would be over £1m.

"The secrecy surrounding stockbroking partnership earnings has traditionally shielded most of the world from these high figures. They have only become more widely known after the mergers and takeovers and the poaching of last year."

In international banks, however, salaries are much lower. The London Banks' Personnel Management Group gives average earnings for data processing managers at £25,593; for company secretaries £29,378; for lawyers £24,095 and for heads of personnel at £29,641.

Fringe benefits can, of course, increase the total package considerably. IDS says that long-term disability schemes, company cars, subsidised lunches and health insurance are now standard offers, while most pension schemes give two thirds of salary after 40 years.

## Apricot computer sets challenge to IBM

BY JASON CRISP

APRICOT Computers yesterday launched a powerful business microcomputer which the company believes will boost its fortunes, which have been flagging recently. The machine is expected to account for about 40 per cent of turnover next year.

The computer, the Apricot XEN, also marks a redirection in the company's strategy. It has largely turned its back on low-cost business micros for which margins are very tight.

The XEN is the most expensive model yet produced by Apricot and is to rival the leading personal computers sold by IBM. Although it is at the top of its own range, the XEN is substantially cheaper than the equivalent model from IBM.

Mr Roger Foster, chief executive of Apricot said: "This is easily the most exciting product we have produced in the last two years. It will be a death blow to the IBM clones."

Last month Apricot – formerly Applied Computer Techniques – warned that it would make a loss in the first half of the year after stock write-downs and lower trading profits. After running into problems in France and West Germany, Apricot – one of Britain's fastest growing companies – downgraded its expectations of sales for the full year from £140m to £120m.

The XEN will go on sale at the end of October and is expected to make a significant contribution to turnover in the last five months of the financial year.

Mr Foster said the XEN would account for 25 per cent of sales by volume and 40 per cent by value in the next financial year.

The product also represents a small but significant move towards compatibility with IBM, which dominates the personal computer business. The XEN will run some IBM software, and it is the first Apricot computer to offer as an option a 5¼ in. disc drive which is the same size as that for the IBM PC.

The new computer costs between £2,500 and £3,000 and is being sold as a rival to the IBM XT, its mid-range personal computer. However, the Apricot XEN uses the same microprocessor as IBM's top personal computer, the AT, and the British company claims its machine is significantly faster.

## First trials begin on raising efficiency of power station coal

BY DAVID FISHLOCK, SCIENCE EDITOR

A £28m research programme into the cleaner and more efficient combustion of coal for power generation has just begun its first test runs at the National Coal Board's (NCB) Grimethorpe Colliery in Yorkshire.

One aim is to see whether pressurised fluid-bed combustion of coal is a cheaper alternative to flue-gas desulphurisation as a way of reducing the sulphur and other emissions from coal-fired power stations.

The research is being funded and managed jointly by the NCB and the Central Electricity Generating Board (CEGB). The partners are also negotiating with the U.S. for substantial research contracts which could add several million pounds more to the programme over the next 18 months.

It is based on a pressurised fluid-bed combustion (PFBC) facility originally built and run under a tripartite International Energy Agency project, funded by the British, U.S. and West German governments.

This programme ended last year, leaving Britain in possession of the world's biggest PFBC test rig, capable of a thermal output of up to 80 MW.

The CEGB and coal board agreed last autumn on a joint engineering evaluation, involving extensive refurbishment and additions to the facility, in light of its previous findings. Dr Peter Chester, director of the CEGB's Central Electricity Research Laboratories and a co-chairman of the new programme, says that in theory PFBC can generate electricity with an efficiency of 40 per cent compared with a maximum of 37.5 per cent for a conventional coal-fired station fitted with flue-gas desulphurisation.

The programme has three main technical objectives, one being to demonstrate a satisfactory steam-raising performance from a novel boiler in which the boiler tubes are immersed in a "boiling" bed of powdered coal and other chemicals, fluidised by compressed air. The earlier programme at Grimethorpe demonstrated that the boiler tubes are exposed to severe corrosion and erosion.

Another technical objective is to explore other means for cleaning up the hot gas released from the fluidised bed, in addition to the cyclone now used to remove dust. The Electric Power Research Institute in California, a research co-operative funded by the U.S. electricity supply industry, has agreed to finance the addition of at least one new idea for hot gas clean-up. The investment proposed represents a big amplification of the engineering assessment of hot gas clean-up for fluid-bed combustion, Dr Chester said.

The third major technical objective is to demonstrate that PFBC is really a more efficient way of capturing sulphur than present technology. Sulphur is captured by adding crushed calcium carbonate to the fluidised bed.

The first trick is to choose a limestone that calcines to produce a porous particle, Dr Chester says. The next is to prevent calcium sulphate from plugging the pores before all the calcium has reacted with sulphur.

## Merrill connects up with SEAQ

BY BARRY RILEY

MERRILL LYNCH, the U.S. securities group, takes an important step this morning towards becoming part of the London Stock Exchange when it starts contributing quotations to the stock exchange's overseas prices service SEAQ International.

It will be quoting bid and offer prices for 75 overseas stocks on the Australian, Japanese, Hong Kong and South African pages of SEAQ International, which is available on the 3,500 terminals of the stock exchange's Topic electronic information service.

With the inclusion of Merrill – trading as Merrill Lynch Europe – the number of contributors to SEAQ International rises to 19.

There are now five U.S. contributors on the system, but the list is still dominated numerically by the international dealing offshoots of London securities firms and banks.

It is understood that a further group of U.S. and Canadian firms is waiting for connection, and the number of contributing dealers is expected to reach 24 by early next month.

A condition of admittance is that firms must give a commitment that they will join the London stock exchange as soon as the rules are changed to permit outsiders to join, some time next year. But because of arguments about reciprocal arrangements in Tokyo, Japanese firms are not at present eligible.

## Barclays to invest in new data network

BY ALAN CANE

BARCLAYS Bank, the UK's largest, is to spend £40m over the next five years on a new countrywide data communications network. Mr Peter Roberts, assistant general manager in charge of the Bank's telecommunications, said Barclays would install network to deal with a volume of data traffic which it expected to be 30-times the capacity of the existing system.

The backbone of the network will be a series of data communications switches manufactured by the Canadian telecommunications company Northern Telecom.

Barclays's data processing will continue to be carried out on IBM mainframe computers. Data will be passed from the IBM machines to the Northern Telecom SL10 switches where it will be transformed (packetised) into a format suitable for transmission over British Telecom high-speed data links.

The value of the contract splits roughly three ways between Northern Telecom, IBM and British Telecom. Mr Roberts said the network would comprise entirely leased lines and would combine British Telecom high-speed services such as Megastream and Kilostream.

The system will use Y25, the internationally accepted standard for packet-switched data, the most advanced form of high speed data transmission used today.

All the major clearing banks are boosting or replacing their national data networks as they come to terms with the increased traffic volumes which will be created by Saturday opening, the use of automated teller machines (banks-in-the-wall) and robot cashiers.

Last year, National Westminster announced a multi-million investment in an integrated system for voice and data, without which, it said, Saturday opening would be difficult. Barclays believes in the integration of voice and data, but its Northern Telecom will, in the first instance, transmit data only.





ADVERTISEMENT

# FOCUS ON SOUTH AFRICAN COMMERCE AND INDUSTRY

## Pick 'n Pay — long running growth and progressive stance on social issues

*Raymond Ackerman, chairman and founder of Pick 'n Pay Stores, talks to Richard Rolfe, London-based international editor of* Finance Week *of Johannesburg.*

**Rolfe: With your retailing portfolio, you are one of the biggest mass marketers in South Africa. How much more do you think you can grow physically?**

**Ackerman:** Well, we think there is a lot of growing to do. Primarily in South Africa, but also Australia and perhaps America. But let's talk South Africa: We are a young chain, we only opened in 1968 compared to some of the others that have been going 50 years and we have only got 85 outlets — 10 hypermarkets and 75 supers, 12 garages. So there is a lot to do in this country, particularly with the opening of the black market, we still have a long way to go in Australia.

**Rolfe: You have always managed to finance growth without ever-expanding debt and your borrowings as a percentage of shareholders' funds and are now the lowest they have ever been. How have you managed this?**

**Ackerman:** It is not necessarily through being so clever. Our's is a cash business — food, where the stock turns very quickly. We have been very conscious of stock turn and cash management and essentially we pay our accounts within 35 days while our customers are paying every single day. We have also tried to preserve our cash as a matter of principle. We don't go heavily into capital commitments, though recently we have been buying a certain amount of property as our cash flow is sufficient for our needs. We have always tried to be a cash business, because cash is strength but it is partly management and partly the nature of the business we are in.

**Rolfe: What sort of presence do you have in Australia?**

**Ackerman:** We have one major hypermarket with an Australian partner. We have a third of the equity but we have the management of the business. We really are selling know how because our capital investment is relatively small. Our partners are mainly the capital suppliers and we are the know-how suppliers. Our intention is to expand into hopefully 10 hypermarkets like we have in South Africa. We have a second one coming on-stream next year. Our annual turnover has already reached $A50m.

**Rolfe: Have you been accepted readily in Australia despite being a South African corporation?**

**Ackerman:** Yes. We had a lot of trouble when we first tried to get permission to open but its being primarily an Australian-owned company helped pave the way. We had a lot of opposition but it seems to have died down nearly completely. It has affected us. I wouldn't like to say it hasn't but because most of our management are Australian and so is most of the capital we have got by.

**Rolfe: You say Pick 'n Pay is based on the principles of consumerism. What does this mean in practice?**

**Ackerman:** Without being trite, we believe in interpreting what the consumer wants, and satisfying his or her needs. To put it another way we have to interpret and satisfy consumers' wants and needs, to sell desirable merchandise and to try and get people a fair price for mass-produced food and other items by fighting very hard with the suppliers. You must recognise that the consumer is powerless against big business and big government. We have to stand up to monopolies and cartels on his behalf, fighting them, fighting government, fighting anything that stands in the way of the consumer getting a square deal.

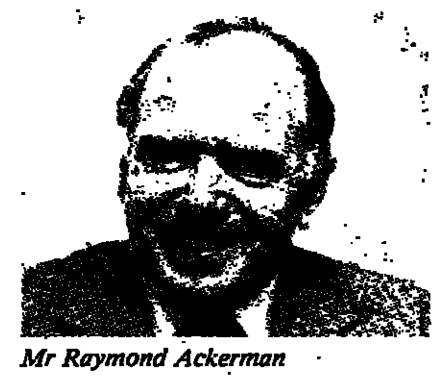
We seem to have had some success, because last year we won the American Food Marketing Institute's award for the best community-employee relations. The FMI said we were "light years ahead of any other retailer in terms of integrating consumer sovereignty and social responsibility".

**Rolfe: You, as you say, attack South African control boards and restricted practices generally. Do you feel you have had some success in beating down the doors there?**

**Ackerman:** Yes, we have always believed that the farmer should stay on the land which I think is true of nearly most western nations. They all have legislation to help farmers and we are not anti-farmer. But we are against too much control. There are far too many control boards in this country and, yes, we have had some success. One example was of the butter and cheese mountains that were growing in this country, like those in the EEC as well. We got our government to sell the surpluses in South Africa to our poorest people, who need food at low prices, instead of exporting it at a loss. We have also had influence. Recently I have been invited to go into the Bread Commission Board on the question of bread subsidies for our very poor people, which shows that instead of business being left out in the cold, suddenly we are now being brought a bit more into the discussion area. So yes, we are having an affect.

**Rolfe: Through take-overs South African industry has become more and more concentrated and monopolistic. Has this affected Pick 'n Pay?**

**Ackerman:** From a control point of view, no. We have remained totally independent of the big financial groups. Most of our competitors are linked in one way or another with some of the big combines. What has affected us is that the manufacturers are getting stronger and stronger and falling into the hands of some of the big financial operators such as Sanlam, and Anglo American. So obviously, our negotiating power has been challenged. But we have managed to win through and being the only independent retail chain in the food field, has given us a lever to actually play manufacturing groups off against each other, while since we are not linked with anybody, we are free to negotiate with whoever we want.



*Mr Raymond Ackerman*

**Rolfe: What is your philosophy towards the black market in South Africa? Do you want to invest more in black townships and homelands?**

**Ackerman:** We just look upon all customers as customers and we appeal to black, coloured, Indian and white in all our stores. But obviously, because of the laws of the land we haven't been able to go until recently into actual black areas. We have since opened up in the Ciskei, where we own a store. And we have opened up in Mitchell's Plain, the coloured area in the western Cape, on a 49:51 basis which is a new dispensation granted by government. So to answer you, yes we are very keen on expanding more and more into black areas. But not to put the black businessman out of business is one of the problems. In order to assist the people who need it most in this country, where there is so much poverty in this country, we must go to the people who need food the most at efficient prices through supermarketing — and these are the people who happen to be black or coloured. We feel it from a moral point of view and from a business point of view to be a very big growth area for the future.

**Rolfe: What are the barriers in the way of you setting up, for example, in Soweto and what are the pros and cons of doing so?**

**Ackerman:** The barriers at the moment are a little less than they were. Legislation allows us to go in on a 49:51 basis with black capital. So the barrier is, can the blacks get the capital required? They have to form all sorts of combinations with financial partners who sometimes happen to be white as well, so the barrier is to raising capital on a 49:51 basis.

Barrier two is to conquer the fear of the black Chambers of Commerce and the black business community that we are going to block them out, and that is a real fear. That is why I like a 49:51 basis, because then we can embrace a lot of black businessmen as partners with us and make them feel that we are not trying to make all the profit ourselves while they emerge themselves as capitalists in their own right, build businesses in their own right and learn the structures of finance. So the main barriers now, I would say, are financial and commercial.

**Rolfe: What role do you think Pick 'n Pay in particular and business in general can play in the process of change in South Africa?**

**Ackerman:** Can I first answer that by going backwards a little to what we have done. There is a lot more that we could and should do, but let me just enumerate what we have done. Some years ago we went to the then Prime Minister, Mr Vorster, and said we want to up rate a totally non-discriminatory business world and amazingly he said go right ahead, if you want to do it, do it despite certain laws not being changed. But go ahead and do it and we have actually 18 000 souls in our business and there are many other businesses in this country doing the same, not just a few where people are promoted on merit.

We have share schemes open to all our staff — management, buyers, accountants, to such an extent that 56% of our Western Cape management is totally made up of coloured or Indian and black men and women so we have achieved that. We went to government on the question of housing and said that since blacks are considered to be temporary residents within South Africa, how can we develop black managers, which you are allowing us to do, unless they can own houses within South Africa? We got the government to change the laws for a 99 year lease and recently to change it to full home ownership within South Africa just like any white can enjoy.

That was the second major thing that we have achieved and the third is through the Urban Foundation, an organisation of 200 businessmen who put their money into the foundation to improve the quality of life of this country and to lobby with government for major changes. I would say that the foundation has been instrumental in some of the major changes that have occurred recently. So what could we do in the future? Certainly, continue with this very strong pressure group through the Urban Foundation and independently, individually, push for what I believe is crucial — citizenship for all people of this country. This is the cardinal thing that upsets the black community in this category, despite all the other problems, that they are not citizens in their own land.

We fought government on housing and on non-discrimination and we fought on other areas such as business rights for all races in city centres, which is now being promulgated so all races can open businesses. The matters we must continue with are citizenship rights, standing up clearly on issues such as movement of people when they don't want to move and arrests without trial. These are the fundamental issues facing our country, not necessarily business concerns, but they affect us all because without a peaceful society we can't grow or trade or feel that we want to keep our children in this country, which is what I sincerely want to do. So there is an enormous amount that we can do and will do in all these ways.

**Rolfe: You have personally been active in opposing disinvestment. What have you done and why?**

**Ackerman:** I am against disinvestment for the obvious reason that it will cause massive unemployment, or massive loss of confidence which I think is as important as the loss of jobs. So the answer to why I am against it I think that all people will suffer, black and white — and I believe in an evolutionary change in this country, not revolutionary change. My prime reason is that those propagating disinvestment, although they may not know it, are propagating revolution because that is the only thing this is going to bring, in my opinion.

What I am doing is trying to run my own business on the lines that I mentioned earlier, on non-discriminatory lines, by standing up on issues and fighting for a fairer society. I am also trying to lobby very strongly with government in the areas that I have mentioned and work with groups like Urban Foundation and others for vital change. The third point is to speak to overseas groups who come here, and when I travel on business, to Australia, England, America, Europe, to talk to business and parliamentary groups, press and TV on the changing scene in this country. Not as an apologist for apartheid but as a fighter against it, to show that the business community is left of government, which it is, and that the business community is not in the pocket of government, which many people believe.

We are fighting for change and deserve the support of the world in continuing these changes if we want an evolutionary, fairer society. We must show the world that the path of disinvestment, frankly, is the path of the revolutionary approach and if people want that, well, then they must go ahead on disinvestment. But if they want an evolutionary change and if they would only sit back and analyse their own consciences in America and Holland and France and England and ask, "Do we want bloody revolution or evolutionary change?" I think the answer would be along the evolutionary approach and that's why I argue continually for it.

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# RESOURCES REVIEW

## The U.S. quest for North Sea oil exploration licences

# Why they're cock-a-hoop at Texas Eastern...

By Dominic Lawson

U.S. OIL companies have always viewed their success in applying for North Sea exploration licences as the acid test of their acceptance as "good citizens" by an inscrutable host Government.

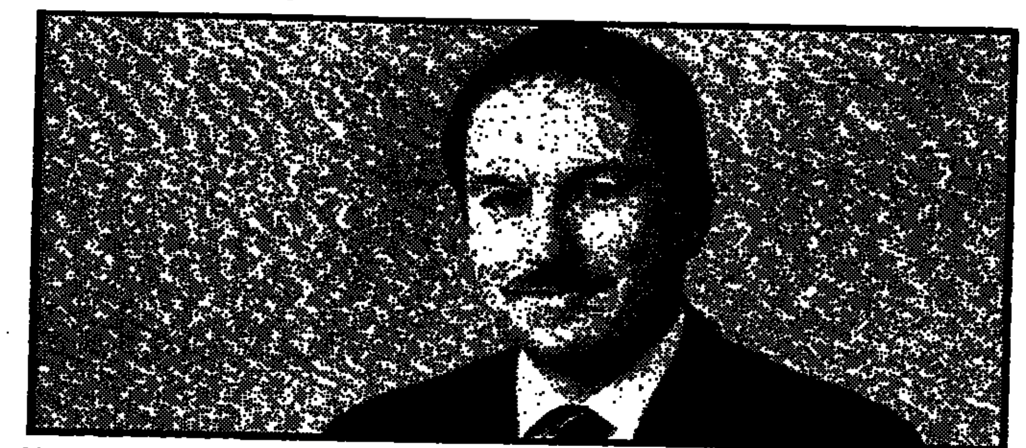
The result of such licensing rounds is a major factor in a U.S. company's confidence in its long-term relationship with the UK.

For two such companies in particular, Texas Eastern and Hamilton Oil Corporation, a good relationship with the UK Department of Energy is of the utmost importance. Each has over 80 per cent of the net worth of its oil and gas assets based in the UK sector of the North Sea. Both companies have made commitments in that area which dwarf their oil and gas exploration and production interests even in the U.S. This is a very different approach from that of almost any of the other U.S. independents, which traditionally regard overseas exploration as a poor second to building up domestic oil and gas reserves.

But the ninth round of UK offshore oil and gas licences, completed in May by the Department of Energy, could not have treated these two North Sea enthusiasts more differently.

Texas Eastern is cock-a-hoop over the award of seven blocks. This was more than many of the U.S. majors achieved, and brought the company's proportion of North Sea acreage up to 8.2 per cent of the entire UK offshore licensed area. Better still, says Mr Archie Thompson, vice-president of the company's North Sea operations, the Government has handed him interests in the two blocks he put top of his list. These are 9/17B, immediately to the south of the Beryl oilfield, and Block 49/1, which has excellent prospects for a gas discovery.

Hamilton Oil's Frederic Hamilton (above) and Texas Eastern's Archie Thompson



### U.S. confidence in its relationship with the UK

But while Mr Thompson—who hails from New Orleans—lights his habitual king-sized cigar in celebration of the UK Government's awards to his company, Mr Frederic Hamilton, the founder and chairman of Hamilton Oil Corporation, has less cause for satisfaction.

Hamilton Oil, which will eternally bask in the glory of being the first company to produce oil commercially in the North Sea, has had a terrible ninth round.

Despite applying for "tens of blocks," all Hamilton has is a 35 per cent stake in block 99/24, which lies unpromisingly in the middle of the English Channel. This is an area where a number of companies, particularly French ones, have drilled for many years without a hint of success. Nevertheless, Mr Hamilton points out that his company would not have applied for the block if it was of no interest.

He does not disguise his irritation at the way his company has been treated. "I can't understand it, after the way we have performed in the UK. No one of our size has spent as much in the North Sea. We are puzzled and it's a matter of great concern to us. We are now talking with the Department of Energy to find out the reason. We want to find out why we didn't get better treatment, after meeting all our obligations in the North Sea. Some companies which have contributed damn little have got a number of blocks."

Last year, Hamilton spent about $200m in bringing the Esmond complex of gasfields into production. As the smallest North Sea gasfield yet to be developed, it required the sort of innovative thinking that enabled Hamilton to bring North Sea oil ashore before giants such as British Petroleum and Shell.

Texas Eastern is no gung-ho North Sea operator in the Hamilton mould. Measured either in acreage or proven reserves, Texas Eastern has the largest North Sea interests of all the non-operating companies. This suggests the degree of caution befitting a company that has as its bedrock the conservative and regulated business of gas transmission.

Mr Thompson says that Texas Eastern is considering whether, after over 20 years in the North Sea, it should become more than a highly successful equity participant. But he adds: "We are not a macho operator. We don't have thousands of people to keep busy."

But underneath the cautious image, Texas Eastern, buoyed by its ninth round success, is preparing a big increase in its UK exploration. The annual exploration budget is to run at about $50m, quite apart from the $100m a year it had been spending as part of its share of the cost of bringing such fields as Hutton and Beryl B into production. In 1982-83 the company drilled only about four genuine exploration wells in the North Sea, but in the 1984-85 period the figure is likely to jump to 30.

In 1983 Texas Eastern for the first time decided that it was ready to bid for North Sea acreage on the open market, rather than merely wait for the prospect of government largesse in licensing rounds. This stemmed from the 1983 UK Budget, which allowed companies to offset the costs of their North Sea exploration against tax on oil production. In 1984 Texas Eastern gave Mr Thompson a $15m budget to buy exploration acreage from other companies, but this year there is no such fixed ceiling, showing how bullish the Houston head office has become about the North Sea.

The problem is that the tax breaks which have so attracted Texas Eastern are equally attractive to other North Sea players. Mr Thompson points out that, despite the uncertainties that have afflicted the oil price, the cost of buying acreage in the North Sea has virtually doubled in the past two years. "Before 1983 you would have to pay maybe 50 per cent of the cost of a well to take a 25 per cent stake in a block. Now you may have to pay 100 per cent of the first well, in order to earn that 25 per cent stake."

With the stock market value of UK oil companies falling at the same time, it is now probably cheaper to buy North Sea interest through corporate takeovers rather than "clean" acreage acquisitions, Mr Thompson points out.

This opens up the tantalising prospect of Texas Eastern muscling in on the UK corporate scene, which has recently witnessed a spate of similarly motivated takeovers, such as the successful £122m bid for Saxon Oil by Enterprise Oil.

Mr Thompson concedes that Texas Eastern did consider bidding for Saxon itself, and that it has also been approached by another UK independent oil company which would be happy to be taken over.

### The tax breaks which attracted Texas Eastern . . .

But Texas Eastern seems unlikely to get involved in the UK oil company takeover trail. Such bids are almost invariably contested, and turn into an auction, with the eventual winner paying a full price for the assets. "If more people are involved than you and the guy you're talking to, then the thing is probably not worth buying. That's my principle," says Mr Thompson.

**APPOINTMENTS**

# Shake-up at Lloyds's broker

The shareholders of HARGREAVES REISS AND QUINN, Lloyd's brokers, have formed the view that the profit performance of the company has been below expectations, and have decided to strengthen the management and broaden the base of the broking operations. Accordingly, the following have been appointed to the board: Mr R. J. S. Ford, as chief executive—he was managing director of Hogg Robinson Space and Telecommunications and had responsibility for new business ventures within the group. Mr D. G. A. D'A. Lumsden, as director and company secretary, formerly with BAT. Mr F. C. Fulford (a member of Lloyd's and a shareholder with Lloyd's broking experience) as director representing the minority shareholders, who are predominantly working members of Lloyd's. Mr J. W. Debbie, as director for financial affairs. Mr R. H. Hazlerigg and Mr J. C. Speers have resigned.

★

STC TELECOMMUNICATIONS has appointed Mr Stuart Thomas as marketing director. He has joined from British Aerospace, where he was marketing director, dynamics group.

★

COOPERS & LYBRAND has made 15 promotions and appointments at its London office. There are six new directors in Coopers & Lybrand Associates, the firm's management consultancy arm Mr Robin Fraser, Mr Rodney Gallagher, Mr Angus Hislop, Mr Allan McNab, Mr Andrew Owen and Mr James Warner.

The business services group gains three new directors: Mr Piers Eley, Mr Andy Jordan and Mr Joe Ryan. There are three promotions to partner in the audit department: Mr Michael Dallas, Mr David Paige and Mr John Tattersall. Ms Cathy Gordon becomes a partner in the personal services department.

★

Mr David Graham QC joins the firm from the bar, where he is a leading authority on insolvency. As a director of the firm's Cork Gully arm he will advise on changes in insolvency law and practice. Mr Mike Powell becomes director in charge of strategic studies in the information technology division.

★

Mr John Gittus has been appointed financial director of WYKO GROUP. He was formerly chief financial executive of UKO International.

★

Mr David Hutt, managing director of HERMAN MILLER, UK subsidiary of Herman Miller Inc, of the U.S., has been appointed vice-president, European operations, and a corporate officer of the parent company.

# UK NEWS

## Funds agreed to rescue Parrot venture

BY ROBIN REEVES, WELSH CORRESPONDENT

A RESCUE package to provide the recently launched Parrot Corporation with additional capital and financial assistance has been agreed by all its original institutional shareholders, Mr John Butterwick, Parrot's chairman, announced yesterday. The amount has not been disclosed.

The additional capital had been coupled with new banking and leasing facilities to put Parrot, Mr Butterwick said, "in a strong position to complete its full productive capacity and to fulfil its potential as one of the leading European manufacturers of floppy discs."

News that Parrot – described at the time it was launched early last year as one of Europe's largest venture capital start-ups – was in need of additional capital first emerged last month. There were reports that the company's plant at Cwmbran, South Wales, had been visited by fraud squad officers but, to date, no charges have been preferred.

The largest single shareholder in Parrot is the Welsh Development Agency. It subscribed £1.1m in ordinary and preference shares to acquire a 22 per cent stake when the company early last year launched its £7m project to build Britain's first fully integrated floppy disc manufacturing facility.

The other leading institutional shareholders in the company are CIN, Commercial Union and Legal and General, each of which originally subscribed some £750,000.

Mr Butterwick and the WDA both refused to disclose the dimensions of the increased financial commitment to the company. However, the agency revealed that Mr David Waterstone, the WDA's chief executive, is to become the WDA's nominated director on Parrot's board.

Mr Butterwick confirmed that the remainder of Parrot's board was in the process of being reconstructed on the management and non-executive sides. This should be completed by the end of the month, he said.

## British Gas takes first delivery of supplies from Statfjord field

BY MAURICE SAMUELSON

THE BRITISH Gas Corporation yesterday began receiving its first deliveries of gas from the Anglo-Norwegian Statfjord field in the northern North Sea.

The gas, delivered to the St Fergus terminal on the north-east coast of Scotland, is equivalent to about 1 per cent of Britain's daily gas supply and is a significant contribution to the domestic fuel requirement. Norway is expected to begin landing its own, much larger, share next Monday.

Agreements for the purchase of gas from the field were signed on Monday by British Gas and the field's UK licensees, Conoco, Britoil and Chevron/Gulf. Deliveries are expected to continue into the first decade of the next century.

Conoco is reported to be receiving 22.1p per therm, although neither the vendor nor purchaser will confirm this.

Statfjord, the most prolific oil-field in the North Sea, lies mostly in Norwegian waters but straddles the median line between the UK and Norwegian sectors, extending into UK blocks 211/24 and 211/25.

It contains substantial quantities of associated gas which, apart from that used to fuel the production platforms, has been reinjected into the reservoir since the field went on stream in 1979.

Conoco (UK), an affiliate of the Du Pont company's energy subsidiary Conoco, is operator for the consortium of UK-based companies. It has spent £50m on the infrastructure system which transports Britain's share of the field's associated gas into St Fergus.

After processing and extraction of natural gas liquids from the wet gas, some 50m cubic ft a day are sold to British Gas for sale in the UK. The remaining liquids are transported by underground pipeline to Shell/Esso's processing plant at Mossmorran in Fife, Scotland.

Statfjord has recoverable gas reserves estimated at 2.34 trillion cubic ft of which 370bn cubic ft are attributable to the UK.

## Seagram promotes malt whisky

BY LISA WOOD

THE BATTLE for market share in Britain's growing malt whisky industry hotted up yesterday with the announcement by Seagram UK that it is to spend £500,000 in the pre-Christmas period promoting its Glenlivet malt whisky. This is about 20 per cent of the total £2.5m being spent on advertising malt whisky by the industry this year.

Malt whisky is the one growth area in the otherwise static UK Scotch whisky market. It accounts for 2.4 per cent of total UK whisky sales.

In 1980 the UK market for malt whisky was 240,000 cases a year. This year it is estimated to be about 400,000 cases, with Seagram estimating sales of more than 700,000 cases by 1990. The brand leader is Glenfiddich, distilled by William Grant and Son.

Seagram's other UK brands include Paul Masson Californian wine and Sandeman port.

## Scottish plant for Victor

By Mark Meredith

THE VICTOR Corporation of Rhode Island, U.S., is to establish a plant in East Kilbride, Scotland, to produce coiled cable assemblies for computers. The factory is expected to employ 200 people.

The announcement was the latest to benefit Scotland's growing electronics industry, which now numbers more than 300 companies employing 42,000 people.

Victor said it would use the East Kilbride company to service its European market. The main product line will be post-moulded shielded cables of the kind used to connect stand-alone keyboards to computer terminals.

The Scottish Development Agency has encouraged support activities for large computer companies.

Other companies in this sector are engaged in manufacturing silicon or servicing and producing equipment for companies such as Motorola, NEC, National Semiconductor and General Instrument, all of which have factories in Scotland.

## Audi chief calls for cheaper car plastics

BY TONY JACKSON

PLASTICS used in the car of the future will have to be cheaper, more reliable and easier to recycle, according to Dr Wolfgang Habbel, chairman of Audi.

Dr Habbel, addressing a conference of senior chemical industry executives in London, said that replacing traditional materials with plastics or composites was a question of innovation at zero cost.

"If one of my engineers brings me a new steering wheel which is lighter and looks better but costs DM 20 more," Dr Habble said, "I will send him back to find something with the same characteristics at no extra cost."

The increased use of plastics in car manufacture is one of the main hopes for growth for the plastics industry worldwide.

Dr Habbel said the proportion of an Audi's unladen weight accounted for by plastics had risen by up to 5 per cent since 1982. Plastics now accounted for 13 per cent of the body weight of the Audi 100, against an average of 6 per cent for European cars overall.

On reliability, Dr Habbel said that chemically produced substitutes had to be suitable for volume production. "It is often the case that manufacturing procedures for these materials are not up to volume production standards," he said.

Dr Habbel emphasised that new plastic materials used in cars would have to be recyclable. "We must assume that in 10 to 15 years from now it will no longer be possible to dump the plastic components being installed on cars today as they come out of the industrial shredders," he said.

"No car manufacturing company will be prepared to take the risk of investing in an overall car concept geared to maximum plastics compatibility, and therefore in new manufacturing facilities, as long as there are no practical solutions for the many problems of protection of natural resources and recycling."

Chemical executives pointed out that recycling of composite materials was likely to prove very difficult. They also argued that the increasing use of composite materials in aircraft manufacture was an indication of their quality and reliability.

They welcomed, however, Dr Habbel's call for increased co-operation between the two industries in solving the problems of plastics use in car manufacture.

# TECHNOLOGY

EDITED BY ALAN CANE

## Software for better diagrams

IT TOOK personal computer software manufacturers quite some time to develop the kind of programs which could mix text and graphics so that executives could produce illustrated reports.

Even now their capability is often limited, which adds extra interest to a new program from a U.S. company, Inner Loop Software of Los Angeles, which is designed to handle block diagrams on the screen.

Called—appropriately enough—Boxes and Arrows, it is a tool for designing and maintaining large block diagrams. It can also associate spreadsheet-like calculations with the objects in a diagram.

According to Mr Richard Gillman, president of Inner Loop Software, "it not only edits text, but also edits the boxes, points and lines that make up block diagrams.

"Like sophisticated computer aided design systems, Boxes and Arrows understands that lines are connectors so when you move an object, any lines connected to it are automatically re-drawn."

## Sweden aims to develop stealthier submarines

**David Brown reports from Stockholm on plans to test an engine which could make submarines less vulnerable to detection and attack**

QUITE SOON the Royal Swedish Navy plans to saw one of its commissioned submarines in half. It will then lengthen it by six metres, install a unique new propulsion system and begin operational tests on an engine which may revolutionise conventional submarine warfare.

The new engine is expected to extend the submerged operational capability of non-nuclear submarines from three days to three weeks, eliminating the need for frequent "snorkelling" which makes conventional u-boats highly vulnerable to detection and attack.

The technology itself is not new. It is based on the Stirling engine, which was invented by a Scottish priest in 1815.

What is new is its underwater application it will be the first air independent energy system for conventional submarines offering tremendous security advantages which are said to more than offset the price.

"The underwater application is one of the few which can pay for an engine which costs some £100,000 for 75 kilowatts," says Mr Roger Sprimont, a former Royal Swedish Navy submariner who heads Kockums submarine division.

"It's a bloody expensive engine but it solves a problem which can't be solved any other way for the time being."

Advances in anti-submarine warfare have made submerged and hidden endurance of such vessels increasingly important, and the exceptionally difficult operational requirements in shallow Swedish waters have forced the pace of this technological development.

The current standard technology is energy storage in batteries, which are recharged by an internal combustion diesel engine. This requires snorkelling for air on or near the surface.

The new system has been developed by Kockums, which builds Sweden's submarines, and its United Stirling subsidiary. It allows submarines to carry their air requirement on board. In huge liquid oxygen tanks developed by the AGA industrial gas group.

The Stirling engine solves a number of serious technical problems relating to the recycling and venting of gases. As opposed to a standard deisel engine, it has a pressurised continuous combustion chamber—a submarine within a submarine.

Not only is this relatively quiet, but it allows remaining exhaust gases to be vented at some 30 atmospheres—the same as the surrounding water at cruising depth—and also means that discharge, or telltale bubbling, is virtually undetectable from the surface.

The smaller scale system will soon be delivered to a French government sponsored programme for a 600 tonne research submarine being built by Comex of France. Kockums also has a smaller research and development contract with the U.S. Navy.

The full-scale operational testing on the Swedish Navy vessel could set the stage for a broader-scale retrofitting on the new Västergötland class submarines now under construction in Malmö and the Karlskrona naval shipyard.

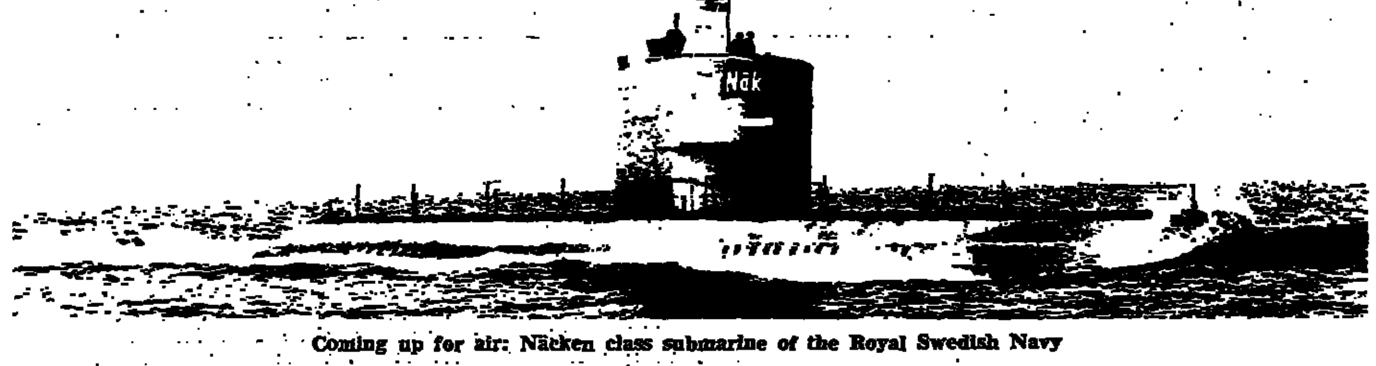
The project is so far advanced that it was included in Kockums' recent bid for the design of the new generation submarine for the Royal Australian Navy, which specified in its tender that "a minimum requirement for 'snorting' to recharge the battery" is an essential element.

Both Kockums and Howaldtwerke Deutsche Werft (HDW) of West Germany have been awarded £8.8m contracts for development work on the A$2.6bn project, the winner of which will be announced in 16 months' time.

The Germans are also developing an air independent system based on a different principle: hydrogen and oxygen are combined to produce electricity and water.

Although it has a higher output and is said to be quieter, it is also larger (a significant disadvantage in submarines where every inch counts). Some say it is significantly more expensive to operate.

Kockums has now entered the potentially lucrative field of designing sophisticated conventional submarines for foreign Defence Ministries. Similar tenders are expected from Canada and Australia in the near future.



Coming up for air: Näcken class submarine of the Royal Swedish Navy

## Plessey steps into the computer aided design arena

WITH THE announcement of Megacell, a software suite that runs on the VAX minicomputer, Plessey is entering the computer-aided design and engineering (CAD/CAE) arena for the design of very large-scale "chips," using a keyboard and screen.

Plessey Semiconductors of Swindon, not so far directly associated with the CAD/CAE market, thus joins names like Mentor, Valid and Daisy. Megacell, however, is only available for use with Plessey's own-chip technology. There are no immediate plans to make software available for general electronic design.

The need for such systems arises because designers in professional electronics need chips to their own specification—standard devices do not yield an exclusive product and usually cannot meet the system specification the designer is trying to achieve.

To design these application-specific circuits ("Asics") the choice ranges from the full "custom" chip, tailored precisely to the application, to the so-called "gate arrays" in which pre-determined circuit elements on the chip are connected together during a final production stage.

Full custom development is both costly and lengthy but production costs are low. With gate arrays on the other hand, development is cheaper while production costs are relatively high.

Megacell lies between the two extremes. A heirarchy of "cells" (circuit elements) can be drawn from the computer's libarary by the designer with on-screen placing and routing of interconnections and automatic logic simulation. If the available cells are not adequate he can design his own large-scale cells and keep them.

"Microcells" are at the lowest level and consist of elements like gates, drivers and adders. "Paracells" are larger-scale units, automatically derived by the computer when the designer enters the basic operating parameters, for example the word length and number of words that are to be stored in a memory.

"Supracells" are large chunks of circuit ready-designed by Plessey to perform commonly-used functions like digital-to-analogue conversion.

Megacell combines any of these elements to give the complete circuit to be fabricated on the chip. Up to 25,000 gates or 100,000 transistors can be accommodated.

Megacell software can be leased from Plessey for use on designer's own sites, or can be used at Plesey Semiconductor design centres

GEOFFREY CHARLISH

## Statistics for engineers

A HAND-HELD unit for quality control engineers who need to obtain statistical process control information about mass produced components has been developed by Sellars Datasystems of Manchester.

Called Dataputer, the unit consists of keyboard and four line liquid crystal display with a built-in microcomputer. It can collect data, analyse it and produce statistical reports.

To collect data, the unit can be cable-connected to measuring instruments like micrometers, calipers, scales and height gauges from a wide range of manufacturers. By sampling the data coming from the gauge, Dataputer can use its software to produce statistical analyses such as histograms and sampling control charts.

The unit is portable yet robust enough to be used on the shop floor. Manual data collection is done away with, eliminating transposition errors. Furthermore, there is no longer any need to bring manufactured samples into the formal inspection area, which means saving time and money.

Dataputer produces its results on the display or can be connected to a printer.

More on 061-301 2317.



## JVC shows prototype of 3-D videodisc

HORROR movies in the home could soon become more horrible still with the advent of three-dimensional videodiscs and players.

JVC, Japan's leading audio equipment maker, this week unveiled a prototype of its 3-D videodisc system, which it aims to have commercially available by the end of next year—though so far the only film available in the format is Jaws III.

"We have to develop the software," said JVC. "It's all very new." But the company is confident that when more 3-D films do become available, the machine will have appeal for home and office users.

The heart of JVC's machine is an adaptor which can be plugged into a VHD video system. The viewer has to wear special glasses—developed by Sharp—which are sold as part of the package.

The new 3-D videodiscs are made by photographing the same object with two different cameras, one from the left eye's perspective and another from the right's These images are then recorded on a disc using the extra format specially designed for the VHD videodisc system. The videodisc player will also be able to play ordinary, two dimensional discs.

CARLA RAPOPORT

## Golden road to cheaper contacts

GOLD there may be in them thar hills but a materials research company based in Salt Lake City, Utah, is working hard to put the hills into the gold.

Technical Research Associates (TRA) is a specialist in cermets, combinations of ceramic and metal which have remarkable properties. Sialon and boron can be combined, for example, to give a new material with strength, hardness and exceptional temperature resistance.

TRA has its eyes fixed on an entirely different market: the market for electrical contacts, worth around $750m a year in the U.S.

The business is worth that much because these contacts are invariably created from gold alloy. Expensive they may be, but for many electronics applications in the aerospace and defence industries there is no realistic alternative to gold with its splendid resistance to corrosion.

TRA reckons it can create a cermet based on gold (70 per cent by volume) but diluted with fine, fully-wetted completely dispersed silica particles.

The savings, according to Mr C. D. Barker, TRA vice president, could be $100m a year.

The new cermet will be castable and recastable and will retain the properties of bulk gold in terms of resistance to corrosion and electrical conductivity.

It will have improved properties such as hardness and cold flow. The technique the company is researching to develop the gold-saving cermet was previously used to make an oxide dispersion strengthened aluminium.

# THE ARTS

## Television/Christopher Dunkley

# When fiction is truer than fact

It is a long time since television screened a factual programme as memorable as Saturday night's *I Am A Fugitive From A Chain Gang* on BBC1. Of course calling it "factual" begs a lot of questions: this was actually an American movie with the parts all played by actors, Paul Muni taking the lead, and it was filmed in Hollywood studios and backlots. Moreover its "factual" nature might be questioned by those who knew that it was not "James Allen" but Robert Burns who was really sent to gaol in Georgia, that his crime was stealing $5 from a shop, not a hamburger joint, and that after escaping from the chain gang he became a journalist, not a civil engineer as the movie has it.

Other viewers, less preoccupied with the authenticity of detail and more concerned with the ultimate significance of the work, would maintain that "art is a lie which tells us the truth" and declare that in this movie the important truths were conveyed accurately enough: miscarriages of justice *do* occur; the chain gangs in the southern states *were* an inhuman form of punishment; and a man with a criminal conviction is indeed open to blackmail, whether or not the conviction was justified.

The interesting point is that the ethical problems about "factual" film making which cause such widespread disagreement—the practice of mixing fact and fiction, the question of whether you should even try to re-stage actual events, the worry about whether a work of entertainment based on the lives of real people should be obliged to stick rigidly to verifiable facts—all emerge powerfully from this movie which was made by Warners 53 years ago.

Tonight the other side of the coin will turn up when Channel 4 shows the first of a 10-part series called *On The March*, concerned entirely with the famous American cinema newsreels, *The March Of Time*, which were started by Time Inc in 1935. Whereas *I Am A Fugitive* was entertainment which used current affairs for its raw material, *The March Of Time* was a current affairs series which was quite ready to exploit entertainment techniques, up to and including the use of actors to impersonate real people.

To John Grierson, who was consultant for *The March Of Time* in Britain, the mixture of fact and fiction, entertainment and comment, apparently seemed not the least bit reprehensible. Writing of the series in 1937 he said: "In no deep sense conscious of the higher cinematic qualities, it has yet carried over from journalism into cinema, after 38 years, something of that bright and easy tradition of free-born comment which the newspaper has won and the cinema has been too abject even to ask for . . . It seems sensible for the moment that *The March Of Time* has won the field for the elementary principles of public discussion."

Though he was an innovator, a leader, and the maker of remarkable films, I believe Grierson did posterity a disservice when, having coined the word "documentary," he defined the form as "the creative treatment of actuality." He appears to have been quite unconscious of the morass which this sort of approach could lead us into, although it was clear enough to Sidney Bernstein.

In a 1937 essay published in the book *Footnotes To The Film* Bernstein (then chairman of Bernstein Theatres, now president of the Granada group) wrote: "It is unfortunately easy for the director of a film to handle his material in such a way as to present a picture which has all the appearance of truth, but which, in fact, is travesty. Seeing is so rarely disbelieving; and the adept cutting of a film, the subtle juxtaposition of shots, can convey, more cunningly than words or statistics similarly mishandled, a totally false impression. The dangers of this facile misrepresentation of fact have recently been illustrated by the effects of some documentary films and newsreels. Film editors, purporting to convey no more than a record of contemporary occurences, have implicitly expressed a point of view in their documents."

Half a century later the debate as represented by Grierson and Bernstein has scarcely progressed, although most of us now receive our images via the television rather than the cinema screen. What has changed is the sheer volume of factual material: in the past week alone there were dozens of programmes which could be described more or less accurately as "documentaries."

At one end of the spectrum stands *Rough Justice*, the admirable BBC1 series made by producer Peter Hill and reporter Martin Young in which editorial comment is not merely included but absolutely essential. Young appears on screen to set the scene for a crime which—in the view of the programme makers and the Justice organisation—has been followed by a miscarriage of justice. In addition to interviewing witnesses and guiding the viewer through the scene of the crime, which depressingly often seems to be a prewar council housing estate, Young appears at the end to make the programme's reasoning clear.

Last week he had the satisfaction, surely unique, of interviewing the key prosecution witness in a burglary case and hearing her admit that she had invented the entire crime and that the man serving a gaol sentence was innocent. Not every programme in this series, notably "The Case Of The Telltale Tape," has been as clear cut. However, the social benefits of these programmes is such that nobody, presumably, would question their right to "editorialise."

At the opposite side of the documentary spectrum was last week's *Probation* on BBC2 which "purported to convey no more than a record of contemporary occurences" but which, sure enough, also "implicitly expressed a point of view." The style was "fly on the wall," that process which shows how people perform (and "perform" is the right word) when confronted by a film crew pointing lenses and microphones at them.

All the sympathy was on the side of the man convicted of murder; we heard not a word about the victim or the victim's family. The convict having been released on parole was returned to prison for a crime which *Radio Times* called "a *motoring offence*" (their italics) but which was never explained by the programme, though we gathered that the charge was originally criminal damage with intent. The unmistakable impression conveyed to the viewer was that a nice, quiet, hard working chap was being spitefully victimised by distant authorities.

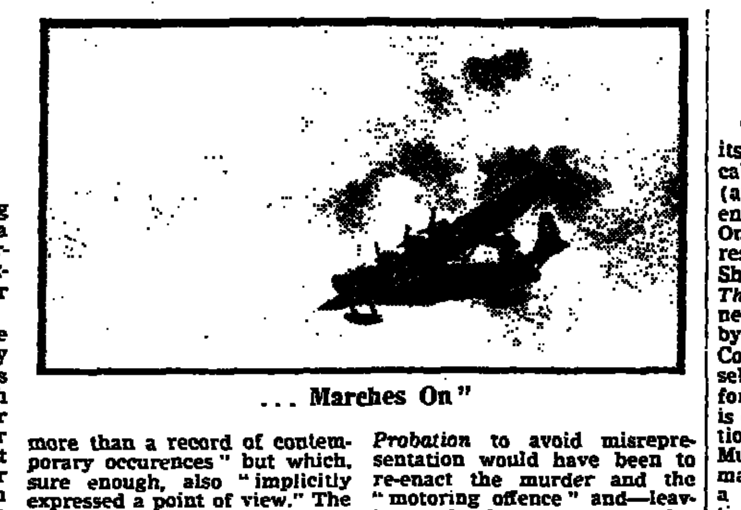
Just as television's picture of the world overesas is so thoroughly unrepresentative as to amount to misrepresentation because the brutality of government methods in, say, South Africa or Northern Ireland can easily be filmed while the far greater brutality of Soviet Russia or Iran is hidden from the camera, so here, with the man on parole, television enabled us to witness only one part of the picture. Granada TV alone has made methodical attempts to use "drama-documentaries" to reveal the methods of secretive totalitarian governments overseas, and the only way for *Probation* to avoid misrepresentation would have been to re-enact the murder and the "motoring offence" and—leaving aside the *sub judice* rules—the BBC would presumably never dream of doing such a thing.

Clearly any documentary programme purporting to be "factual" lays itself open to accusations to offending by omitting. Yorkshire TV's otherwise excellent programme about the first female intake at Sandhurst, *An Officer And A Lady*, left me wondering whether the girl from a comprehensive school was really—as the programme implied by showing no others—the only one to fail the course.

Having been, 25 years ago, a keen proponent of the "Free Cinema" school with its documentaries such as *Momma Don't Allow* and *We Are The Lambeth Boys* and, in the 1970s, an equally enthusiastic follower of Roger Graef's fly-on-the-wall experiments in *The Space Between Words* and *State Of The Nation*, I now find myself more and more suspicious of the claims made for "actuality," and increasingly well disposed towards those offering "lies which tell us the truth."

There are, of course, plenty of documentary programmes which do not use fly-on-the-wall techniques: BBC1's *Soldiers*, BBC2's *Now The War Is Over*, and C4's *Love Affair With Nature* all lie outside that genre and we shall return to these—perhaps sooner even than the promised return to scratch video.

"Time ...



... Marches On"

## The Winter's Tale/Cardiff

**Martin Hoyle**

The Welsh Arts Council had its *Glory of the Garden*: it was called *Principle into Practice* (artistic alliteration evidently enhances aesthetic endeavour). One result is the creation of a resident company for Cardiff's Sherman Theatre. On Monday *The Winter's Tale* launched the new enterprise at a gala graced by the chairman of the Arts Council of Great Britain himself. While no individual performance stands out the acting is decent; above all, the production's visual flair confirms Peter Mumford, hitherto known mainly for his ballet work, as a distinguished and imaginative theatre designer — a coup for the infant company's inaugural show.

The oval acting area formed by the eliptical apron and curved upstage steps (as of an amphitheatre) houses a Sicilia mainly black and white and a verdant Bohemia. The play's central section casts a ragged, mossy cloth over the steps. The shepherds' merrymaking cues a rigging of green drapery whose swags, billows and streamers could without incongruity do duty as stylised sails or washing, but work beautifully as vegetation.

"A sad tale's best for winter," announces Mamillius; and Hermione and her small son sit rapt in each other through the lords' opening dialogue. Gareth Armstrong's production uses 13-year-old Matthew Stone as a framing device, besides turning the dead prince into a woodland spirit who blows a horn summoning the bear to kill Antigonus (rather unkindly, all things considered), darting on obligingly with cloaks and broad-brimmed hats at Leontes' "We must disguise ourselves," and providing a youthful Time in place of the expected wrinkly.

Austere Sicilia is peopled by statues and courtiers doubled in number by the reflecting back wall — which will shimmer and distort in the most celebrated dumb animal act before King Kong. The luminous blue oval that hovers radiantly over the messengers' return from the oracle turns into a table-top for Hermione's tribunal, where Angharad Rees's tremulous and deliberately-spoken defence emphasises pathos more than steadfastness.

Apart from the courtiers' visual equivalent of rhubarb (over-vehement mimed reactions) and the tendency to form a queue when more than four are present, the production lets the actors tell a straightforward story. David Collings clutches his chest and staggers at "My heart dances," evoking the epilepsy of another jealous Shakespearian husband, but otherwise portrays Leontes as immature and over-emotional.

The shepherds are successfully played as very Welsh. Young Stephen Botcher is that current rarity, an un-boring Shakespearian clown, as his father Gerald James's touching dignity almost redeems parenthood in this most anti-parent power production.

Alan Trow

Gerald James (left) and Stephen Botcher

## The Passion of St Bach/Radio 3

**Andrew Clements**

"IT MAY well be that not every musician believes in God, but they all believe in Bach": Mauricio Kagel's motto on the composition of his *Passion of St Bach* defines his intentions. He has written musical homages before, most notably to Beethoven in the year of his bi-centenary, but his anniversary celebration of Bach is much more elaborate and profound than anything of the kind he has attempted before. The Passion was first performed last month as part of the Berlin Festival, and a recording of that premiere, a first-rate performance conducted by the composer, was broadcast on Radio 3 on Monday evening, as the first concert in the 1985-86 series of EBU events.

If usually one thinks of Kagel as a slightly subversive, oblique satirist, more at home in creating vivid comic events than in composing large-scale musical arguments, the new work, which took nearly five years to complete, will come as a surprise. Certainly it is big—100 minutes without a break, and scored for narrator, three solo singers (mezzo soprano, tenor and bass), both adults and children's choirs, organ and orchestra—and absolutely serious. There is a grave intensity to the proceedings that generate increased respect for Kagel's achievements at each re-hearing.

The work is precisely what its title suggests: a Passion built around the life of Bach, that uses the structures of his Passions with their alternations of recitatives, arias and chorales, and a text largely derived from J. F. Agricola's obituary of the composer, which relates Bach's life in chronological sequence. Much of that text is allotted to the narrator, while the soloists and choirs provide a commentary and throw in additional passages.

What distinguishes this from Kagel's earlier homages is that there is no attempt to borrow any of Bach's music. The score may be permeated with Bachian effects—the laconic relating of events, the sudden dramatic intrusions of the choir into the narrative, the monumentality of the chorales—but the music is all Kagel's own, and most impressive it is, with its affectionate allusions to aspects of the Bach tradition, from "authentic" styles of performance through cornily harmonised chorales to popular schmalts. The handling of some of the larger choral set pieces reminds one of early Stockhausen, while the use of the narrator looks farther back to Schoenberg.

The compelling dramatic shape, however, is entirely Kagel's own as is the unsettling static harmonies of many passages, the orchestral colours with their spare but telling use of percussions, and above all the extraordinary beauty of the delicately intertwined voices and instruments. In the concert hall it must have been quite bewitching. It would be nice to think the BBC had already pencilled in a date for the British premiere.

## Orchestre National de France/Festival Hall

**Richard Fairman**

Few expectations are so often disappointed as the feeling that a French orchestra should, by its very birthright, have the blessings of Gallic elegance and refinement down to its fingertips. In their Festival Hall concert on Monday the Orchestre National de France under Lorin Maazel displayed a number of admirable qualities, but these were certainly not the foremost among them.

The most subtle piece on the programme — the teasing, immensely detailed "Jeux de vagues" in Debussy's *La mer*, fared least well of the evening. This is music of infinite finesse, passing solo comments from hand to hand with fleeting grace, and the finest orchestras can make it a miracle of chamber ensemble. But here the interplay was roughly handled: solo lines were covered, precision approximate and detail lost in the hurried wash of activity.

It may well be that Maazel's rigid and impatient conducting did not help. (The orchestra sounded hard pressed in this movement.) This approach to *La mer* seemed barely impressionistic at all and was far from the lucid sensitivity of a Boulez or the opulence of a Karajan. The opening of "Dialogue due vent et de la mer," not so much a distant rumble in the cellos as an aggressive, rhythmical punch, told much about Maazel's view of the work and ushered in a last movement of unremitting drive.

In such a highly-charged atmosphere Berlioz and Ravel are able to breathe more easily. The programme had opened with a red-blooded account of the overture to Berlioz' *Benvenuto Cellini* and the second half went on to give us an exciting performance of the two suites from Ravel's ballet *Daphnis et Chloe*. The fuller orchestration and more coherent structure of the Ravel suited the partnership a good deal better than the Debussy and produced the finest playing.

The orchestra made a splendid corporate sound in the sunrise climax of the "Lever du jour," full and brilliantly glowing, ideally balanced. Maazel has a good ear for an orchestra in full cry. And in the orgiastic last dance he led his players, faultless in judgment, to a final peak of violence and frenzy that few others could equal. This was the first concert in a brief British tour that will take the orchestra to Wales and the North.

## The Tempest/Theatre Royal, Brighton

**Michael Coveney**

Sir Anthony Quayle's Compass touring company is at the Theatre Royal in Brighton this week, but Quayle's first-ever Prospero seems to have landed on a retreat over-run by a Japanese dance troupe. His Ariel (Moir Leslie) is a bald, body-stockinged hermaphrodite who is straight out of Sankai Juku (family version). This isle is indeed full of twangling noises, but also replete with writhing, somersaulting spirits who resemble a bed of sea anemones when the usurping lords appear, dilating like so many over-excited lampshades in flowing pastel cloaks.

This surprise visual element, while not part of a convincing overall design, is nonetheless ingeniously distributed through an evening that begins with an inaudible shipwreck scene played like a bad drama school exercise on a bare-brick stage. The area is then invaded by designer Mark Negin's transparent emerald cloths and overgrown tangled pipe-cleaners which cleverly evoke Prospero's cave. Quayle's solitary wizard is very much the inspired stage-manager, calling on simple, neatly arranged masque-like visions behind the cloths and taking simple pleasure when his exotic acrobats land on their feet or negotiate an exit. The vision of goddesses is a traditional Japanese tableau, with Iris, Juno and the peacock Ceres hanging in mid-air, a well-balanced trilogy of voluptuous geishas.

Quayle himself is a dabbling artist in gumboots and rustic smock who discharges the poetry in his characteristically even, pleasant delivery—the voice is as flawless and agreeable as ever—building to a well-paced climax of busy sorcery. He draws a magic circle, frowns a little harder, and rides on a full emotional surf through "Ye elves of hills" to the donning of his Milan outfit and the pinching of his stunned adversaries. These latter, a strongly contrasted bunch including Tony Britton's spruce Alonso, Royce Ryton's martyred Sebastian, and Ralph Michael's fussing Gonzalo (one of the great Shakespearian supporting roles as every decent production reminds you) stand twitching in a trance. Terence Wilton's Antonio is their Edwardian figure-head, a fine moustachioed figure in a sash and dinner-suit.

How this touch of Tyrone Guthrie sorts with the Japanese dance company, I am not quite sure. And the production falls further apart on the ethnographical level with Clive Francis's simian, grotesque and livid Lon Chaney effort as Caliban. Francis's garb gives off a stench of tarted-up tattered wino. He is, disastrously, a remnant of civilised society instead of being a primitive of some older world. The balance in the play's colonising argument is thus set at nought.

There is a distinctly unvirginal Miranda from Natalie Wilde who, in an unflattering nightshirt, leaps at Michael Fenton-Stevens' silly-ass Ferdinand as though she knew exactly what to do with him. This may be lively, but it cannot be correct. Ferdinand is shadowed by an even thinner, wetter specimen, in Richard Hunter's Trinculo, a put-upon stooge to John Sharp's increasingly drunk and butlerine Stephano. It is not the most deliriously enacted regicidal antimasque of all time, but it is performed with energy and an attempt at comic detail.

The production, by Sir Anthony and Nigel Jamieson, is by no means the worst you will see of this play and it fits most snugly and enjoyably into the Royal. It is not, however, bristling with much intelligence or superabundance of wit; instead, it relies upon the geniality and presence of its leading actor, no bad thing in this play.

Compass is sponsored by Rank Xerox, their tour by Prudential Assurance and the Arts Council.



# Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Oct 4–Oct 10

## Theatre

### NEW YORK

**As Is** (Lyceum): The first play about AIDS makes gestures toward the whole community the disease affects and focuses effectively on the victim and his protective lover; but this Circle Rep production also has distracting artistic touches to patch over the play's lack of development once the disease is diagnosed. (239 6200).

**I'm Not Rappaport** (American Place): A better title might have been Mensch on a Bench for Herb Gardner's touching, funny and invigorating play about two oldsters embodied in Judd Hirsch and Cleavon Little who almost conquer the world when they think they are just bickering with each other. (869 4731).

**Cats** (Winter Garden): Still a sellout, Trevor Nunn's production of T. S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline, but classic only in the sense of a rather staid and overblown idea of theatricality. (239 6262).

**42nd Street** (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

**Brighton Beach Memoirs** (46th St): The first instalment of Neil Simon's mix of memories and jokes focuses on a Depression-era Jewish household where young Eugene falls awkwardly in love with his cousin. (221 1211).

**La Cage aux Folles** (Palace): With some tuneful Jerry Herman songs, Harvey Fierstein's adaptation of the French film manages, barely, to capture the feel of the sweet and hilarious original between high-kicking and gaudy chorus numbers. (757 2626).

### CHICAGO

**Government Inspector** (Goodman): The Gogol wit directed against bureaucracy has enjoyed a sympathetic hearing in America the latest contribution being this season-opener directed by Frank Galati with Keith Reddin starring with I. M. Hobson. Ends Nov 10.(443 3810).

### WASHINGTON

**The Good Person of Szechwan** (Arena): Garland Wright directs Ralph Manheim's translation of the Brecht parable in this season opener for an outstanding repertory company. (488 3300).

**Count of Monte Cristo** (Eisenhower): The second production of Peter Sellars' new American National Theatre company is the James O'Neill version of this swashbuckler. (254 3670).

### LONDON

**Sweet Bird of Youth** (Haymarket): Lauren Bacall elegantly decadent as Tennessee Williams's doomed movie queen. Harold Pinter's direction and Eileen Diss's evocative designs contradict the play's lopsided reputation and place the central tussle between the star and her gigolo (Michael Beck) against a detailed canvas of small town Southern vengefulness by the sea (930 9832).

**Noises Off** (Savoy): The funniest play for years in London, now with an improved third act. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888).

**Starlight Express** (Apollo Victoria): Andrew Lloyd Webber's rollerskating folly has 10 minutes of Spielberg movie magic, an exciting first half and a dwindling reliance on indiscriminate rushing around. Disneyland, Star Wars and Cats are all influences. Pastiche score nods towards rock, country and hot gospel. No child is known to have asked for his money back. (834 6184).

**42nd Street** (Drury Lane): No British equivalent has been found for New York's Jerry Orbach, but David Merrick's tap-dancing extravaganza has been rapturously received. American Clare Leach is a real find as Peggy Sawyer, and Margaret Courtenay has a field day (836 8108).

**Me and My Girl** (Adelphi): Sleek, efficient and enjoyable revival of Britain's biggest war-time musical hit with Robert Lindsay in the Lupino Lane role emerging as the best new musical star since Michael Crawford. (836 7611).

**Barnum** (Victoria Palace): Michael Crawford returns to London with his breathtaking performance as the circus impresario, adding one or two new tricks in a likeable maringue of a musical. (834 1317, credit cards 828 4735).

**Pravda** (Olivier): Entertaining epic new play by David Hare and Howard Brenton for the National Theatre in which an unscrupulous South African magnate acquires Britain's most prestigious newspaper. A Jonsonian satire on the grand scale with an irresistible performance by Anthony Hopkins as the colonial who penetrates the Establishment while a nation dithers. (928 2252).

**Breaking the Silence** (Mermaid): Another RSC transfer, of Stephen Poliakoff's account of his family's emigration from post-Revolutionary Russia, Alan Howard succeeding Daniel Massey alongside Jenny Agutter. Ingeniously set in an Imperial railway carriage. (236 5568).

### NETHERLANDS

**Amsterdam**, Carre Theatre: Ik Jan Cremer, a new rock opera charting the amorous exploits and general hell-raising of the Dutch *enfant terrible* of the 1960s. Directed by Franz Marijnen from a script by Lennart Nijgh and Louis Ferron, with score by Gerard Stellaard and Peter Tuinman in the title role (all week except Mon). (225 225).

### TOKYO

**Kiss Me Kate**: the Japanese version of Cole Porter's musical starring Chieko Baisho. Theatre Apple, Shinjuku. (207 55 88).

**A Chorus Line**: a much acclaimed revival by Shiki company, of Cats fame. Nissei Theatre, near Imperial Hotel and Ginza. (320 4000).

## Saleroom/Antony Thorncroft

# Competition for clocks

London dealers were competing busily for clocks and watches yesterday morning at Sotheby's sale. Partridge acquired an ebony clock by Joseph Knibb, made in London around 1675, for £36,300, around twice its forecast. It was desirable because most of Knibb's clocks of this period were made of ivory.

A Geneva dealer Antiquorum was successful in the competition for a gold and enamel duplex watch made by Ilbery of London in the early 19th century for sale in the Chinese market: it went for £21,900 as against a £5,000-£7,000 estimate. De Havilland of London paid £19,800 for a tiny ebony veneered bracket clock by Henry Jones, made around 1680. The dial is just 4½ inches high.

Another London dealer, K. Banham, bought an early 18th century burr walnut chiming longcase clock, signed Mary-Anne Viet of London, for £14,300 (top estimate £4,500) while yet another dealer, G. Marsh, secured an ebony veneered quarter repeating bracket timepiece made by Knibb in the late 1680s.

The morning session of Christie's sale of coins totalled £201,970, with 7 per cent bought in. Berk, an American dealer, paid £25,920 for a fine and rare aureus of the Roman Emperor Otho, dated 69 AD: the estimate had been £7,000-£9,000.

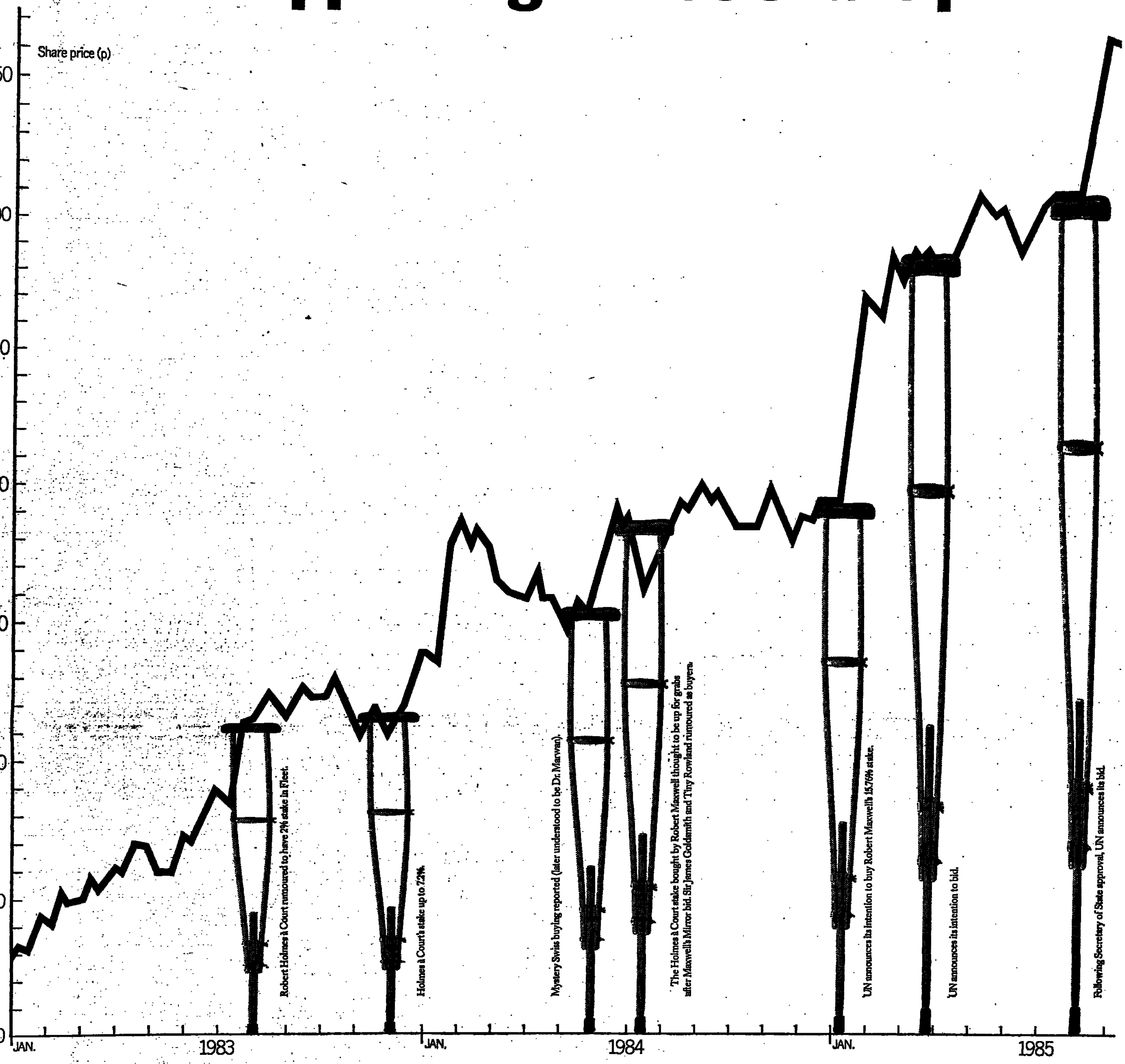
Another dealer, Tradant, acquired an aureus of Domitian (reigned 81-96 AD) for £15,120, also way above forecast, while a private buyer bought an aureus depicting Licinius II as Caesar for £12,960.

Christie's usually manages to secure the sale of the works of art remaining in artists' studios after their deaths but on November 13 Sotheby's is dispersing the contents of the studio of Meredith Frampton who died last year. Frampton, the son of Sir George Frampton, the sculptor of Peter Pan in Kensington Gardens, did not paint for the last 40 years of his life because of failing eyesight. In the morning session of modern British pictures actor Robert Morley is selling "A Breezy Day" by Dame Laura Knight: it should make £20,000.

*

The National Trust has reached its target of £250,000 to help secure the future of Calke Abbey, the Derbyshire house which has been saved for the nation mainly through a contribution from the National Heritage Memorial Fund. Calke Abbey had remained unchanged for over a century and is now being restored before it opens to the pubic under the care of the National Trust. A book about the house, by the National Trust and George Philip, was published yesterday. Royalties will go to the NT appeal.

# What's supporting Fleet's share price?




On the surface, Fleet's share price performance since its demerger from Trafalgar looks impressive.

But Fleet shareholders must ask themselves a simple question: is the share price really justified by the company's trading performance?

Look at the facts behind the figures.

Windfall profits from the Reuters flotation gave Fleet shares a shot in the arm.

Bid rumours have played a significant part. And there have certainly been plenty of rumours.

As recently as 14th January 1985, the day before United Newspapers agreed to purchase 15.76% of Fleet's shares, the price stood at a mere 200p.

A price already inflated by strong hints of a bid.

Without rumours and without our generous offer, where would Fleet's share price be today?

**United Newspapers plc**

Newspapers, magazines, books, newsagents and satellite news. YORKSHIRE POST Punch

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Wednesday October 9 1985

# Welcome plan on debt

MR JAMES BAKER'S plan for dealing with the Third World debt problem recalls the celebrated words of Neil Armstrong as he stepped on to the moon: a small step for one man can be a giant leap for mankind.

Examined simply on its economic merits, in the absence of any political context, the U.S. Treasury Secretary's proposal is little more than a minor development of policies charted three years ago by the U.S. Federal Reserve Board and the International Monetary Fund. All the essential elements — modest new lending by the commercial banks, an expanded role for the World Bank and a gradual modification in the type of policy conditions imposed on debtors' countries — are entirely compatible with the orthodox "case by case approach."

In fact, the numbers which Mr Bakers seems to have in mind for new financial flows to Third World countries are actually meaner than the projections made by the IMF and broadly accepted by commercial bankers as recently as a year ago. Mr Baker's suggestion that commercial banks should gird their loins to lend $20bn to the major debtor over the next three years implies an annual growth of only 2½ per cent in the banks' total loans. Not only would this rate of lending be extremely modest in the sense that it would continue to reduce the banks' exposure to the Third World in real terms; it would diminish even faster the weight of Third World loans in relation to the banks' capital, which has recently been growing at a rate of 10 per cent or faster.

### Baseline

Even more important, lending growth at a rate of only 2½ per cent annually would fall well short of the amounts of new money which most economic models suggest will be required to permit the debtor countries a bare minimum of economic growth. As recently as April the in net commercial bank lending to debtor countries as its IMF, for example, postulated a growth rate of 6 to 7 per cent "baseline" assumption for a satisfactory resolution of the debt crisis; and even on this assumption, the debtor countries could hope for economic growth rates little faster than 2 per cent per capita for the rest of this decade. Similar questions are raised by the $9bn boost in World Bank lending proposed in Seoul; much of this "extra" funding has already been assumed in the present grim projections for most debtor countries.

It is easy to understand, then, why debtors and bankers alike remain sceptical about Mr Baker's new approach. The debtors will probably demand more generous carrots before they embrace the extended policy conditionally, combining hte World Bank's market-oriented microeconomic reforms with the monetary and fiscal constraints imposed by the IMF, which Mr Baker quite rightly wants to see. The banks are unlikely to see in yesterday's intiative the kind of fundamental transformation in the debtor countries' circumstances which could justify a return to voluntary lending even on the modest scale proposed. On a more detailed level, the idea of letting small banks opt out of their Third World exposures altogether, leaving others to bear a bigger burden, is likely to be anathema to many major banks. Yet such leagage appears to be inseparable from Mr Baker's preference for a "voluntary" approach.

Yet despite all these caveats, Mr Baker's initiative could represent a "great leap" towards balance and prosperity for the international financial system, and the Third World. His initiative may be inadequately defined and insufficiently ambitious in its assumptions about the necessary levels of long-term financing. But it has set official thinking in the industrialised countries firmly on the right track.

### Responsibility

It acknowledges that massive trade surpluses in the developing countries cannot provide a permanent solution to the debt problem. It recognises that new money can and should be provided to developing countries in exchange for appropriate policy conditions. It opens the way to serious consideration of ambitious and potentially equitable solutions to the debt problem, such as the partial refinancing or capitalisation of interest payments over a period of years. Above all, it accepts that responsibility for restoring growth and stability to the Third World and the international financial system must be shared by western governments, as well as debtor countries and commercial banks. Mr Baker himself may not yet recognise his greatest achievement: having aroused high expectations of better international economic management, he will now have no choice but to fulfil them.

# A message for inner cities

SERVICE and communication, which are claimed to be the central theme of the Conservative Party Conference in Blackpool, are essentially responsive activities. We hope, then, that it is mainly due to the inflexible stage management of these annual rites which got them off to such an unimpressive start, with a great deal of Kinnock-bashing and very little else. Mr Peter Walker offered the startling information that Mr Arthur Scargill is a Marxist. Mr Norman Fowler, having nothing new to say about the reform of social security, offered a lantern-slide lecture; and after the worst outbreak of urban rioting since the war Mr John Patten, for the Department of the Environment, devoted his speech to the evils of propaganda on the rates. All this does communicate a message—the wrong one.

It is all the more important, then, that Mr Kenneth Baker, the senior minister, should today address himself to the problems that rightly worry ordinary citizens rather than party workers. Arson and murder are greater evils than the odd political poster, and the conditions in which they breed are inevitably the concern of government, as indeed this government has recognised more urgently than any other.

The difficulty facing ministers is that although they deserve high marks for effort, the results until now have been grimly disappointing. The Government has quintupled the flow of real resources to the inner icties since it took office. It has introduced enterprise zones and freeports to attract investment, set up community programmes and joint initiatives with private business, launched training programmes and improved policing drastically. All the same, except in the derelict and peaceful dockland area of London, it is still hard to identify many signs of the kind og renaissance which has transformed some depressed downtown areas in the U.S. into lively new centres of growth. We have no local Boston or Baltimore, Philadelphia or Kansas City to show what is possible.

Two central problems remain, one which should be soluble and the other more dauntingly difficult — the proolem of a greater private sector response, and the problem of race. Both have one thing in common: their solution demands action spread over a number of government departments, with no clear centre of initiative; and both demand effective communication if they are ever to be solved. They demand a sponsor of Cabinet rank — a position which has been left empty since Mr Michael Heseltine moved from Environment to Defence. The cue for Mr Baker, who will have nothing of substance to say about his ostensible topic, rates reform, could hardly be clearer.

Mobilising the private sector more effectively should not be an insuperable problem. While the cash incentives on offer are attractive, it may also be necessary to devise some way of ensuring that they are not diffused in rising land prices wherever they are on offer. Since most of the existing enterprise zones and freeports are on largely publicly-owned land, this could be tackled without undue offence to market principles; the aim should be to capture enhanced values for investment in the problem areas, as has been done through land taxation in Philadelphia, for example.

### Heartless

Persausion should also have a role to play. It is not just Mrs Thatcher's government, but the system it espouses, which is suspected of heartlessness, and civil disturbance damages business in the widest sense. A persuasive minister should try to get industry to take an enlightened view of its own self-interest.

The race problem is more painful and more intractable, and has not been fully solved anywhere; but it must be faced. A minister who addressed it as a high priority, meeting community leaders, discussing it with his opposite numbers in the U.S., and prepared to raise such controversial approaches as an element of positive discrimination, would do more to communicate effort and service than any recital of the efforts, however praiseworthy, which have so far failed.

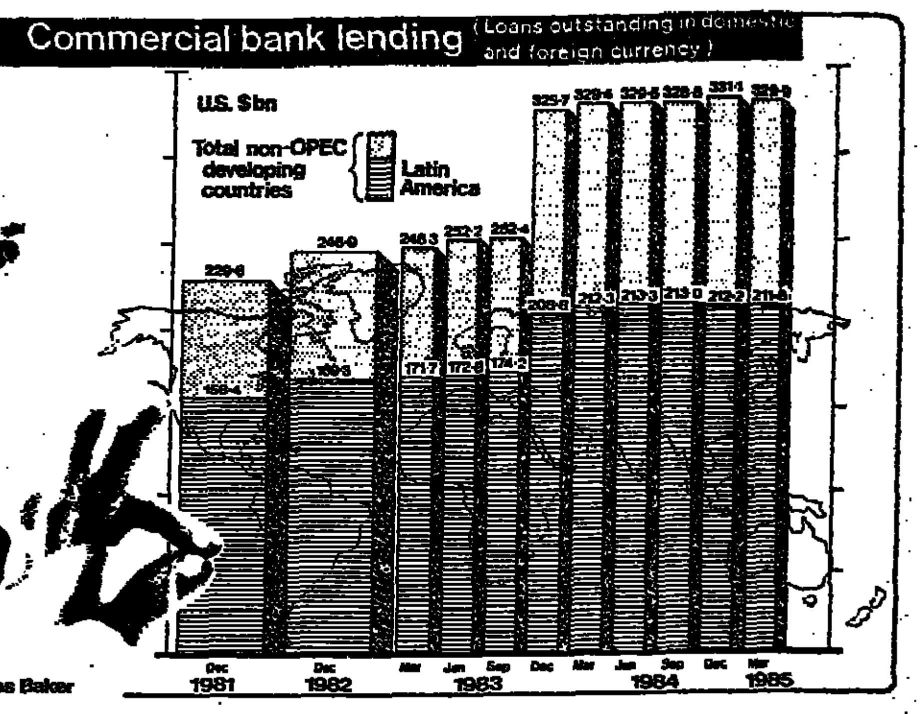
IMF/World Bank

annual meeting

# The budget ghost at Mr Baker's feast

By Stewart Fleming in Seoul

James Baker




FACED with deepening economic, political and national security problems as a result of the worsening world economic outlook, U.S. Treasury Secretary, Mr James Baker, has moved abruptly in the last four weeks to reassert American leadership in the field of international financial diplomacy.

But the question in the minds of most participants at this week's annual meetings of the World Bank and International Monetary Fund in Seoul is whether Mr Baker and, behind him, the Reagan Administration is yet ready to shoulder the responsibilities which such leadership implies. There is now a surprisingly clear consensus that such responsibility entails cutting the U.S. budget deficit, which most members of the international financial community now believe to be a precondition of tackling the next phase of the debt crisis.

Mr Baker's Seoul proposals are clearly part of a strategy which began with his announcement in New York on September 22 that the Group of Five industrial countries had agreed to engineer a sustained but orderly decline in the value of the dollar. In taking this step, Mr Baker recognised explicitly for the first time in the Reagan presidency that an overvalued dollar poses domestic and international economic problems which need to be tackled co-operatively by the western nations.

Yesterday, in Seoul, Mr Baker called for closer international co-operation between the developing countries, international banks and Western governments to put into effect innovations aimed at combating the threat that declining commercial bank lending to the Third World will unravel the international debt strategy formulated in the wake of the Mexican debt crisis in 1982.

Abandoning four years of U.S. hostility to the World Bank, Mr Baker said that the Bank needed to provide additional funds so that heavily indebted middle income developing countries, particularly those in Latin America, could be assured that finance would be available to support faster medium-term economic growth.

Alongside the three-year $9bn increase in lending by the World Bank and the smaller Inter American Development Bank which he envisages, Mr Baker also said that if the new growth-orientated bias to the debt strategy is to be realised, the *world's* commercial banks will have to get together and agree to increase their net new lending to the developing countries by $20bn over the same three-year period.

Finance ministers such as West Germany's Dr Gerhard Stoltenberg, have warmly welcomed the "remarkable shift" in U.S. thinking over the past few weeks, both the change in tone which contrasts with impatient, often chauvenistic style of monetary diplomacy during the first Reagan Administration and in content. Who would have thought a few months ago that the U.S. Treasury Secretary would call for co-operative efforts to tackle the related problems of high U.S. interest rates, currency misalignments, rising current account deficits and protectionism, and the deepening economic problems in developing countries, officials ask.

But when it comes to the question of whether the initiatives Mr Baker has launched can be translated quickly enough into practical solutions to the world's economic problems, a more pessimistic mood can be detected.

In part, this reflects some scepticism about the depth of the commitment behind Washington's sudden conversion to international economic co-operation.

White House insiders warn that it would be premature to discount the continued influence of right-wing ideologues—such as Mr Pat Buchanan, the White House director of communications—who remain unconvinced of the need for international co-operation. The right-wingers argue that U.S.-led economic growth will solve both the budget problem and the debt crisis.

But, at least so far as the U.S. Government is concerned, some important people are very worried men.

They include Federal Reserve chairman Paul Volcker who has enough problems in the domestic U.S. financial sector not to want to see them compounded by Third World borrowers refusing to service their debts. At the State Department, Mr George Shultz and at the National Security Council, which has recently given the debt issue higher priority, Mr Robert McFarlane, are concerned about the implications for U.S. strategic interests of debt problems in Mexico, the Philippines and Brazil.

Commerce Department Secretary Malcolm Baldrige, Trade Representative Clayton Yeutter and his predecessor Mr William Brock, the current Labour Secretary, are concerned about the impact of a strong dollar and growing U.S. trade deficit on U.S. business. It was, of course, the threat that the rising protectionist frenzy on Capitol Hill would result in damaging political defeats for President Reagan on trade issues which triggered the White House into action in support the G5 agreement in New York to try and ease the dollar's value down.

Mr Baker, who has been having his ear bent by these colleagues, and no doubt by Republican majority leader Senator Robert Dole, is a cunning politician, who knows which way the wind is blowing. He is also ambitious and has already begun low-key political campaigning for his friend and presidential aspirant, Vice-President George Bush. He has calculated that the time is ripe to abandon some of the ideological shibboleths of the right-wing Republicans—the simple faith that market forces and low taxes will solve all economic problems being one of them.

But if Mr Baker can now see that the essentially passive economic policy stance of the Administration in the past two years is no longer up to the task it confronts, European finance ministers here and the financial markets in New York are *still* waiting for the active U.S. economic policy initiatives they deem necessary to translate good intentions and encouraging rhetoric into a strategy which addresses fundamental problems.

"Without a decisive plan to lower (world) interest rates I fear the Baker plan will not work" said Dr Stoltenberg yesterday. The emphasis on the need to get interest rates down by tackling the U.S. budget deficit was echoed by Dr Onno Ruding, the Dutch Finance Minister and chairman of the IMF's policy-making Interim Committee. "More growth orientated policies in Latin America are *possible* only if there are lower interest rates. This is an American task, not a European task."

*There is* thus a feeling that although Mr Baker seems to be moving in the right direction, he may fall prey to some wishful thinking if he believes that struggling Latin American debtors will embrace combined IMF/World Bank loan conditions, and commercial banks rally round a new lending plan whose hasty genesis is somewhat mysterious and which Mr Baker himself concedes is not much more than a "concept," the practical details of which have yet to be worked out.

One interpretation of the politically astute and intelligent Mr Baker's refusal to advocate except in highly conditional terms, an early increase in the World Bank's capital, and his dogmatic assertion to reporters yesterday that the U.S. budget deficit can only be reduced by cutting spending is that he knows the direction in which that road is leading and is travelling as fast as he judges his domestic constituencies will permit.

The main worry is that he is not moving fast enough, although some more cynical voices suggest that Mr Baker's dashing performance in Seoul has been designed primarily to silence otherwise restive Third World leaders at a tricky conference.

As he returns to Washington, Mr Baker has been left with only one option if he is to persuade the doubters that he means business. He must work to convince the President and Congress to address urgently the domestic economic imbalances which are now seen as a vital component in any strategy designed to create a more stable world economic environment.

## WHY THE BANKERS ARE STILL CAUTIOUS

**ANY finance minister in a developing country who thought that the new U.S. initiative on debt would bring an immediate flood of new loan offers from commercial banks would have been rudely disappointed yesterday.**

**The immediate reaction of the swarms of top bankers attending the IMF annual meeting here was one of caution and mystification.**

**Caution because none of them is prepared to put up large new loans until there is clear evidence of economic progress in debtor countries, and mystification because the key technical question of how they should set about raising new money for debtors is still wholly unanswered.**

**But there is also a strong feeling that somehow the initiative must be made to work. "The time has come to explore new conceptual directions in resolving debt problems of developing countries," said Mr Thomas Labrecque, president of Chase Manhattan.**

**And by one yardstick at least the requirement that banks should put up $20bn in new loans to debtor countries in three years is not particularly onerous. Mr James Baker, U.S. Treasury Secretary, reckons this will involve an annual increase in exposure of just 2½ per cent.**

**Such an increase would be negative in real terms when set against inflation and slower than the rate at which banks expect to increase their capital. In other words, participation in the scheme would still leave banks with a smaller relative weight of developing country loans on their books in three years' time than that with which they are now coping.**

**Moreover, the breakdown of the package shows the World Bank and Inter-American Development Bank shouldering a much larger share of the burden than hitherto. Together they are to put up $27bn over the next three years, an increase of $9bn over current lending levels.**

**A big stick finally is the fear that unless the new money is forthcoming the debtors will simply default.**

**At this stage the problems start. Yesterday concern centred on two main points. Just who is going to benefit from the package and how can banks be expected to lend more just at a time when auditors and regulatory authorities are telling them to make loss provisions on loans already made?**

**So far, only the vaguest answers have surfaced to either question. Senior U.S. Treasury officials say, for example, that the initiative is aimed at 15 large debtors who no longer have access to spontaneous loans from the private markets. This includes Nigeria and Yugoslavia, but not South Korea. Otherwise, no names have been mentioned though obviously the main thrust is towards Latin America.**

**Until they know exactly which countries are affected, banks will be unable to calculate the cost of participating in the scheme. They need more details on how co-operation with the World Bank will work in practice before they say how the new loans will be structured.**

**Yet there is no doubt that bankers have been galvanised by Mr Baker into thinking actively about ways of keeping funds flowing. Some feel that their near-moribund think tank in Washington, the Institute for International Finance, set up by the major international banks shortly after the onset of the debt crisis in 1982, could have a vital role to play in taking this process further.**

**At a national level senior U.S. bankers are urging Mr Baker to expand the group of six banks to whom he talked last week by bringing regional banks into play.**

**Already some of the ideas thrown up in the last week are receding. The emphasis on commercial bank loans guaranteed by the World Bank is giving way to the notion that commercial banks could agree loans which would be made available in tranches linked to a debtor's performance under a World Bank structural adjustment loan.**

**The idea of letting smaller creditors drop out of the new money process is also meeting European resistance. It might be more advisable to use a mechanism which keeps all banks in the boat, for instance by using part of the interest payments to provide new loans. This should be explored further, said Herr Walter Seipp, chairman of Commerzbank.**

Peter Montagnon
*SEOUL*

# Men and Matters

## Miles around the City

Former All American basketball player, Miles Aiken, at last found a seat with space enough to stretch his legs—and talked about Money and Investment '86.

The man who helped bring basketball and American football to British TV screens is now organising a showcase for the City's financial services: a three day exhibition and seminar on corporate and personal finance at the Barbican next February.

Harlem-born Aiken, 43, who has an MBA from the University of Southern California, plans to make it an annual, international event. "With increasing competition, nobody in financial and investment services can afford to take their business for granted," he says. "There has got to be more aggressive marketing; new business areas opened up."

Aiken settled in Oxfordshire about 10 years ago, but this is his first real venture into the City.

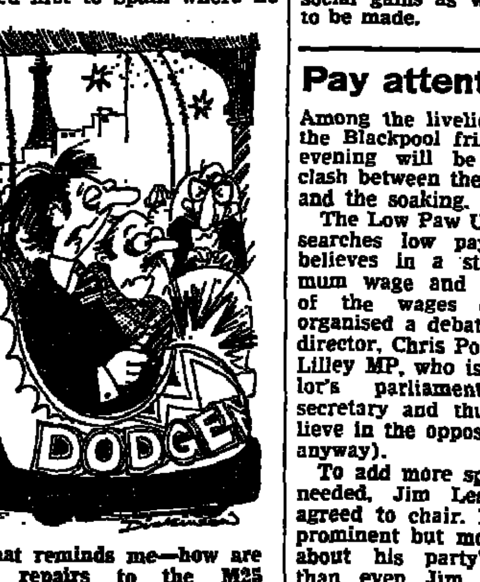
His basektball career in the U.S. was cut short by injury in the mid-1960s; so he emigrated first to Spain where he led Madrid to two European championships, and then to Italy, where he won another European cup and ran professional basketball in Naples. He coached the British basketball team at the Montreal Olympics.

When his playing days were over, Aiken also turned to education, rewriting text books for multi-cultural training of U.S. military personnel.

And then he got involved in televised sport, notably as Channel 4's co-presenter of American football and English basketball—programmes which, he claims, opened a new $100m market in sports goods.

Investment in sport, Aiken believes, has huge potential in Britain. "Other football clubs, for instance, should be following Tottenham to the stock market," he says.

And as a supporter of a youth programme in Brixton, he says there could be valuable social gains as well as profits to be made.




"That reminds me—how are the repairs to the M25 going?"

## Pay attention

Among the livelier debates on the Blackpool fringe tomorrow evening will be a three-way clash between the dry, the wet, and the soaking.

The Low Paw Unit, which researches low pay issues and believes in a statutory minimum wage and the retention of the wages councils, has organised a debate between its director, Chris Pond, and Peter Lilley MP, who is the Chancellor's parliamentary private secretary and thus has to believe in the opposite (and does anyway).

To add more spice, if any is needed, Jim Lester MP has agreed to chair. Lester is less prominent but more outspoken about his party's leadership than even Jim Prior, under whom he served as a junior minister when Prior was Employment Secretary.

The occasion should be a litmus test of how many representatives from the constituancies believe that lower pay can bring more jobs and how many are straying from such Tory paths of righteousness.

It will be a meeting for the truly political. They must brave the unfamiliar surroundings of Blackpool Trade Club at the tincture-taking hours of 1 pm. But at least the speeches won't be coded.

## To wit

For more than 18 years, Japanese shipbuilders and engineers, Ishikawajima-Harima, has included in its monthly English language bulletin a column on "Japanese language know-how" for its customers.

Each column has introduced some local idiom, describing its use and nuances. These have now been collected into a handy book to help the company's "foreign friends . . . understand the mentality and/or mode of actions of the Japanese people."

As the company says: "Foreigners visiting Japan would be able to greatly enhance their mutual sense of friendliness and promote greater understanding . . . if they happened to slip in a bit of witty Japanese word or phrase in their conversations."

## Family bonds

Not often that executives bring their wives to press confeernces. But Arab investment banker, Hikmak Nashashibi, makes a point of it.

Muna Nashashibi was with her husband in London to announce that an Arab consortium which he heads has taken a $12m, 35 per cent stake in U.S. brokers, Moseley, Hallgarten, Estabrook and Weeden.

"Look," says the former chief executive of Al-Mal Group, "I haven't had a holiday in four years and neither has Muna. So she has contributed greatly to my work and is an integral part of it.

"Anyway," he jokes, "it's better for her t know what I'm up to."

Nashashibi also dedicates his books to her because they take up time from his family. The fifth (and first in English), on the future of capital markets, is in the pipeline.

Palestine-born Nashashibi, 43, is no stranger to U.S. broking. He trained at various Wall Street firms, including Paine Webber, before joining Kuwait International Investment in 1976, where he developed the Kuwaiti dinar bond and capital markets.

Setting up a new financial services operation in London—Mosely Capital Markets—excites him. "I love start-up operations," he says. "They are immensely satisfying."

There have been many during his career, including Al-Mal, which in four years he has helped build into an important Arab underwriting force in the Eurobond market.

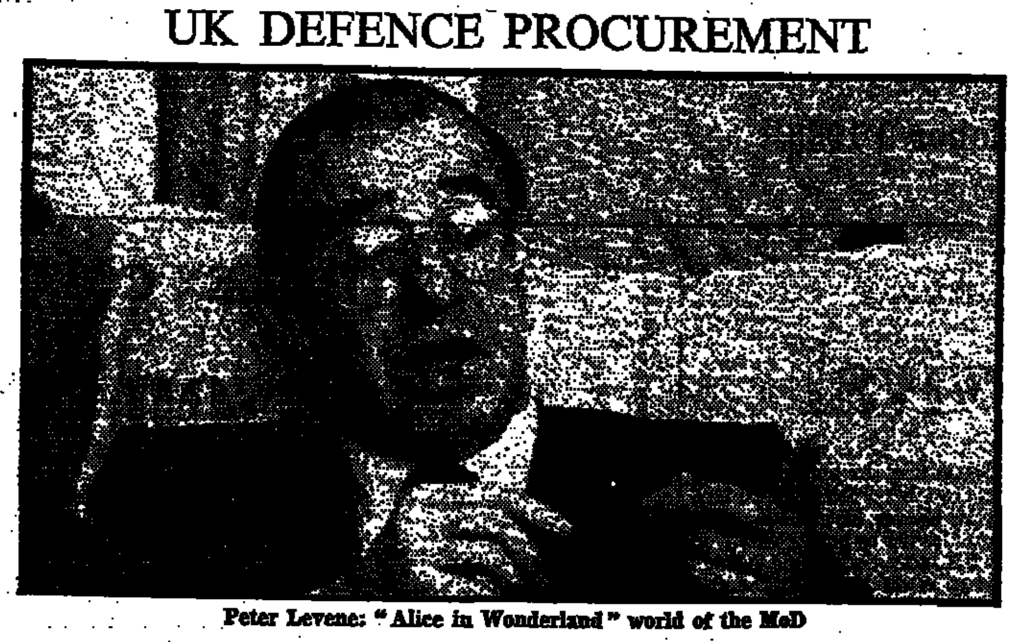
Nashashibi's ambition is to see Mosely become an important player on Wall Street. The firm has plans to open an office in Tokyo as well as London.

## Change of view

Irish viewers are complaining about BBC television coverage of the European Grand Prix motor race at Brand's Hatch on Sunday. It appears that Belfast-born driver, John Watson, was described as "an Irishman" when languishing down the field; from "Northern Ireland" as he moved up; and "British" by the time he finished in seventh place.

*Observer*

# UK DEFENCE PROCUREMENT



Peter Levene: "Alice in Wonderland" world of the MoD

## The big spender who drives a hard bargain

By Bridget Bloom, Defence Correspondent

"WHEN I ran a business turning over £120m a year, I expected to know every day what was happening. Now I'm running an organisation that's turning over £8.5bn, I haven't the faintest idea." Peter Levene, Britain's new chief of defence procurement, corrected himself. "I have *some* idea, but I haven't any of the basic information which I really need."

Mr Levene, formerly chief executive of United Scientific Holdings, has been in charge since last March of buying all Britain's weapons systems, worth £9bn in 1985-86 and covered by 30,000 contracts with over 10,000 defence and other industrial companies in Britain and abroad. Instantly available information on those contracts and their progress is what Mr Levene wants and he has brought into the Ministry of Defence an accountant "from the real world" to design a system by Christmas.

Mr Levene's appointment by Mr Michael Heseltine, the Defence Secretary, caused a stir in political and parliamentary circles when it was announced some months ago. There were accusations (later judged unfounded by the Commons Defence Committee) that the appointment of a former defence contractor to the post had flouted the rules of propriety, while Mr Levene's salary at £95,000 a year, caused resentment among lower paid civil servants, if not among some even higher paid defence company chief executives.

Mr Levene, backed by Mr Heseltine, has taken the criticism (now much muted) in his stride. In a wide-ranging interview last week, he made it clear that his main intention was to turn the 37,000-strong Procurement Executive that he now heads into a fully commercial operation.

In doing so, he is rudely disturbing what is left of the once cosy relationship between the Ministry of Defence and Britain's defence industries.

Defence contractors who had begun to face the chilling wind of Mr Heseltine's new "value-for-money" policies over the past 18 months now find themselves experiencing something akin to an icy blast.

Mr Levene's targets are clear. Aged only 43, he became managing director of his company when he was only 26 and as he told the Defence Committee earlier this year, built it into one of Britain's larger defence contractors mainly by competing in export markets.

"I have an abhorrence of the whole idea that our defence industry is in existence to supply solely the defence needs of this country. We've got to export a hell of a lot, and I welcome enormously firms who regard the Ministry of Defence as a customer, an important customer, but not *the* customer."

The means Mr Levene is using to disabuse such wayward contractors centre on a drive to instil real competition into weapons procurement. Contract terms are being toughened and financial penalties for late deliveries or faulty equipment insisted upon. Mr Levene plans changes within the Ministry, tightening project management, and curbing "gold plating" of equipment by the armed services. None of these policies is new, but Mr Levene's vigour in pursuing them is.

There can be little doubt of the importance of what Mr Levene is trying to do. As he reminds you, the MoD is by far the largest single customer of British industry, with 95 per cent of the equipment budget (£8.5bn in 1984-85 and £9.1bn this year) being spent here.

There are four main areas directly affecting contractors where Mr Levene is intent on change:

● Competition: Mr Levene is endeavouring greatly to increase the numbers of contracts subject to real competition. Where this is not possible — usually because of a monopoly — contracts will involve incentives and penalties to ensure more efficient production and deliveries. Mr Levene thinks he can "come close to abolishing" cost-plus contracts —where the contractor is paid his costs plus a margin for profits, whatever happens to the project itself.

They were applied particularly to high-technology high-risk projects where the contractor was developing a weapon system at the front end of technology. Mr Levene accepts that in such circumstances, cost-plus must sometimes remain, but he is examining several big contracts with major suppliers to toughen their terms.

The most dramatic example is that for the Nimrod AEW. The complex early-warning radar system being developed since the 1970s by GEC Avionics has failed to work properly, which has delayed the project by at least three years already. Mr Levene is negotiating a fixed price contract *for* the completion of development, insisting that the company will not be paid until the radar systems are delivered and working to the RAF's satisfaction. Such payment terms are virtually unheard of in the defence world.

● Contract terms: In an effort to introduce greater competition into areas where there are only monopoly suppliers—(such as British Aerospace for military aircraft) Mr Levene is considering making it obligatory for prime contractors to put as much as 70 per cent of their work on major systems out to competitive tender, as happens in the U.S. Limits will also apply to the value of sub-contracts which can be awarded to subsidiaries of the prime contractor.

● Exports: Mr Levene believes Britain's export performance could be improved if companies were more adventurous. He and the head of the renamed Defence Export Services Organisation of the MoD, Mr Colin Chandler, a former British Aerospace executive, are working to boost a "UK Ltd" approach to exports.

Mr Levene says that where UK contracts are opened up to foreign competition, substantial offsets should be a requirement, not optional extras.

● Collaboration: Mr Levene is an enthusiastic supporter of European collaboration in weapons production, not only because development costs are shared and production lines lengthened if two or more countries combine, but also because he believes that such collaboration increases competition by broadening the numbers of companies able to tender for work.

But if Mr Levene is concerned to sharpen the competitive edge of industry, he also foresees a shake-up in the Procurement Executive, not least in terms of trying to instill a greater awareness of the "real world"—which for him is the commercial world — outside Whitehall. "Industry has spent a fortune on intelligence, finding out what's going on in the MoD, he says, insisting that "we should be equally well informed."

Mr Levene is unlikely to alter the structure of the PE organisation, which was designed by another industrialist, Lord Rayner, in the early 1970s. This contains a mix of military officers and civil servants grouped in three big controllerates each buying for the three services. But he wants project managers to stay in their jobs for as long as they do in industry, and to be given greater responsibility.

However, Mr Levene says that overall the biggest "bugbear" to turning the MoD into a more commercial organisation is what is known as the annuality rules imposed by the Treasury, where ministries are required to spend in one budget year precisely what they have been allocated, no more, no less. Two years ago, the MoD was given a dispensation to carry underspends of some £300m from one year to the next.

But this does not give enough flexibility, according to Mr Levene, who describes the "Alice in Wonderland world" of the MoD "pushing money out of the door" at the end of the year to pay contractors whether or not their performance justifies it.

Mr Levene says the Treasury agrees with his view that such a system "makes it virtually impossible to bring the normal commercial pressure to bear on contractors to deliver." He hopes, on the grounds that defence contracts are almost always stretched over a long period, to persuade the Treasury to increase the carryover to 10-15 per cent of the defence equipment budget, or around £1bn a year.

Mr Levene has only been in office for one tenth of his five-year term and he obviously has the full backing of Mr Heseltine. But judgments on his achievements, or even about his likely staying power within the bureaucratic machine would be premature.

Ironically some of the toughest contraints on him may come from another political direction. He may have more problems with the Public Accounts Committee, or the Commons Defence Committee, not because they are intrinsically hostile to him or to what he is trying to do but because, he believes, the current ethos of public accountability could well mitigate against the fully commercial regime that he wants to see in defence procurement.

The PAC rightly wants to control the use of taxpayers' money, and is unwilling to see big profits made by industry.

### After Britain's riots

# A five-point plan for urban renewal

By Victor Hausner

THE UK urgently requires a substantial, long-term urban policy which will mobilise public and private investment for the economic and social renewal of its major cities and inner areas.

The reasons for such an "urban investment strategy" are clear: to contribute to national economic revitalisation by returning to productive, profitable and innovative use the significant physical, human and business resources of cities, and to improve the employment and other conditions of deprived urban residents who are bearing the brunt of the decline of cities and the economic adjustment of Britain.

Contrary to those who deny the economic merits of regional and urban development policy and mistakenly pit the nation against its distressed regions, cities and communities — such a strategy could be an important instrument in the renewal of Britain as a competitive, growing, more fully employed, market-orientated economy.

There is much evidence from the U.S. and growing evidence in the UK to support the value, necessity and effectiveness of ambitious and sophisticated urban economic development strategies which foster new and more successful economic roles for cities and employment opportunities for their residents through joint public/private investment.

The plight of the cities and justification for action does not date from recent urban disturbances. The Inner Cities Research Programme of the Economic and Social Research Council* demonstrates a 30-year post-war period of significant and steadily worsening problems of unemployment and concentrated social deprivation in the inner areas of the nation's six largest cities, and the spread during the 1970s of unemployment problems to the entirety of five of these conurbations (London excepted) and other large UK cities. Between 1951 and 1981 urban areas lost 2m manufacturing jobs, 1m of which came from the inner cities, inner city unemployment rose to 50 per cent above the national average, and in 1981 39 per cent of the shrunken number of inner city jobs were filled by commuters. The only recent growth area in inner city employment, and one which particularly benefited disadvantaged urban residents, public sector employment, is now also in decline. Moreover, urban and regional problems overlap outside the growth regions of southern England. Structured economic change and recession have further exacerbated these problems.

Thus, inner city problems must be addressed in concert with urban wide and regional economic problems. A context of regional and urban economic growth is essential to the alleviation of inner city economic problems. National economic growth is necessary, but not sufficient to improve the economic circumstances of urban regions and the disadvantaged. Direct action is required at all three levels: the region, the city and the inner areas. Without it social and geographic polarisation will widen to the detriment of the nation.

#### More effective use of public monies

Research and transatlantic development experience point to the requirements for more effective urban development policies.

● *Increased private investment:* stronger and more innovative efforts must be made to attract mainstream commercial investment, not simply private charitable contributions, into urban development from financial institutions and companies. Sound development opportunities must be identified and packaged for consideration by investors. Public monies must be used more effectively to bring about private investment and to enhance initially the profitability of urban investments.

● *Co-ordinated development policies:* major central and local government policies with direct influence on local development, eg housing, training, transportation, capital investment, regional and industrial policies, must be integrated in support of urban development objectives and opportunities. The Department of Environment's Urban Programme, Urban Development Grants and urban development corporations are important tools which deserve firm long-term support.

● *Business development:* urban economic development must extend beyond property development and the indiscriminate infatuation with self-employment and small firms, and foster the retention, modernisation, expansion and diversification of established commercially-viable firms with important development benefits for the area's economy.

● *Targetted assistance to the disadvantaged:* such urban residents much be directly assisted to increase their share of the benefits of local growth and development and to increase in the near term their employment opportunities. "Trickle-down" approaches in a period of prolonged mass unemployment will scarcely benefit the people at the back of the queue. Training and placement programmes must be used to increase direct access to specific employment opportunities.

● *Capacity-building:* competent local development organisations with adequate resources and powers are necessary to implement more effective urban development policies. The experience with new town corporations, regional development agencies, urban development corporations, and some local authority development agencies are proof of the value of such capability. A framework of effective public, private, voluntary, community and joint development organisations must be established. Finally, urban authorities must be expected, allowed, encouraged and assisted to play more positive and significant roles in urban development — and local finance policies made supportive of this function.

Cities must adjust to the major economic and social changes occuring in Britain. But they must not and need not become reservations of the poor living on the dole and marginal to the economic well-being of the nation.

* *Changing Cities: An introduction to the ESRC Inner Cities Research Programme.*

*The author is national director of the ESRC Inner Cities Research Programme and senior visiting fellow at the Policy Studies Institute.*

# Letters to the Editor

### Barriers to services

*From the Executive Vice President, Corporate Affairs & Communications, American Express Company*

Sir,—I read with great interest the article by Michael Prowse (September 27) on "Why free trade will be an elusive goal."

While he makes several worthwhile points, I think he is missing the basic point of the whole exercise when he concludes that services might be shunted aside in favour of more pressing trade issues, such as the very intractable problems we have with traded goods. The real point is that the barriers to the services trade are going up rapidly just as many countries are transforming their economies to predominantly service economies. We may well have the last clear chance to achieve a standstill, at a minimum, on barriers to services before much stiffer protectionism sets in.

Would it be wiser to commence work on services now and attack emerging barriers, or would it be wiser to wait until those barriers become so intractable that they are dispatched to the pathology department of world trade forums? There is the mental capacity within the GATT membership to grapple with both goods and services. Since manufacturers are often the largest service exporters, the two subjects — goods and services — can't really be separated anyway.

Let's get on with it while we still can.

Harry L. Freeman.
*American Express Plaza,*
*New York,*
*NY 10004, U.S.A.*

### Subliminal messages

*From the Chairman, The Freedom Association.*

Sir,—The "Double - vision," piece in Men and Matters (October 4) strongly implies that there is something hypocritical in one of the companies in the Gieves Group, of which I am a director, printing the 64 page booklet referred to in the column as "Spitting Images."

I was not aware of this contract until after it had been completed but, in any event, it is not of direct relevance to my prosecution of the Independent Broadcasting Authority.

Parliament laid a duty not on programme makers but upon the IBA to protect the public from the transmission of subliminal messages and images. As for "going straight to law," I shall maintain in the High Court on November 14 that I know of three transgressions of the Television Act in this respect—one in a Labour Party political broadcast and two in Spitting Image. The IBA, in seeking to have my successful summons application quashed, has a view of the rule of law which differs from my own.

Norris D. McWhirter,
*360-366, Oxford Street, W.1.*

### Renting a line

*From Mr J. Simopoulos*

Sir,—"Quarterly telephone rental up by £1.30 to £16.45 for residential subscribers" you reported on October 5. This is false and is an example of BT misleading the public through the national Press. BT's Press release dated October 4 states "quarterly rentals for an exclusive telephone line and basic telephone instrument are increased by £1.30 for residential customers . . .".

The proposed quarterly rental charges are not £16.45 but £13.45 (£1.5 more than the present charge of £12.40). The sum of £16.45 is obtained by adding the new, increased rental—£3—of a (very) cheap telephone from BT. But the proposed increase is to the rental for the line, not to the rental for the telephone. From January 1 this year renting a telephone has been optional. No telephone in one's house need now be rented.

Of course it would be to BT's advantage if fewer subscribers were aware of the facts. By use of the word "basic" in its Press release BT has given the impression that there is a sense in which a telephone "comes with" the line. There is no such sense and readers should know it.

J. Ch. Simopoulos,
*Telecommunications Users' Association,*
*34, Grand Avenue, N10.*

### The Russian approaches

*From Mr J. Little*

Sir,—Your Leader "Mr Kinnock hits back" (October 2) is very good, which is a good deal more than I can say for the one underneath "High stakes at Geneva."

This, with respect but quite bluntly, I can only describe as arm-twisting on President Reagan which is both unfair and unjustified.

It is unfair, as the President has said, since the Russians have already tested space weapons — a fact which your Leader ignores — why cannot America do the same?

It is unjustified because SDI is a defensive weapon and therefore not a threat to the Soviet Union. Most pertinently of all, as the President also remarked, the SS20 is a mobile weapon — if moved away from present positions it can also be moved back. Since the Russians will not allow western inspection inside their country any so-called offer by them is absolutely worthless.

This being so, it is not the United States which is being naive but your leader. It is being doubly naive when it talks rather grandiloquently about "world opinion not tolerating that proposition." World opinion is a very high-sounding phrase but it is often wide of the mark and unrealistic. You are also being naive in ignoring what could be termed the realities of power which are that the United States is strong enough to carry on testing—and in my view should carry on testing—whether the western European allies like it or not. The blunt fact is that these allies must realise that, since they are in effect sheltering under the American nuclear umbrella, they need the U.S. far more than the U.S. needs them. This should never be forgotten. America can stand up to the Soviet Union by itself—western Europe cannot.

If the Russians want to demonstrate their good faith by doing something which will not affect their security in any way let them get out of Afghanistan.

J. S. Little.
*Orchehill Cottage,*
*Orchehill Rise,*
*Gerrards Cross, Bucks.*

### Going up in the States

*From Mr D. Mayers*

Sir,—There is one aspect of American University education which is little understood in England.

Most of the western United States have so-called land-grant state universities; these are usually required by state law to accept as freshman any graduate of the state high-school system. They are equally receptive to any out-of-state student who is prepared to pay the out-of-state registration fee.

How do they do it and maintain the high standards which characterise these universities, by and large? Very easily. They flunk out, after the first year, upwards of 60 per cent or more of the freshman class, in order to have a manageable number of upper-class students.

The system is thoroughly democratic — everyone has the same opportunity and intelligence and diligence are rewarded.

To send your offspring to such a university, simply pick up the telephone and advise the registrar of his/her arrival and that the necessary finance is available. If the student gets through the first year successfully, he or she can transfer to any other university in America — including such prestigious ones as MIT, Harvard, Yale, Stanford and receive full credit for the work done at the state university. Just make sure they get good marks. . . .

Dan E. Mayers.
*Crystals SA,*
*Case Cornavin 164,*
*Geneva-2.*

### Changing the coinage

*From Mr C. Wooldridge*

Sir,—Today (September 27) I read the article by Malcolm Rutherford who looks at the changing face of our coinage. His age I do not know but, having been for many years secretary of a provincial chamber of commerce and then its president, I attended the meetings in London when it was unanimously agreed by the British chambers of commerce that it should be the ten *shilling* unit, rather than the pound.

The rejection by the government of this suggestion caused serious inflation in this country to begin before the economic situation which further accelerated it.

Mr Rutherford may be too young to remember all this and Mr Lawson our present Chancellor of the Exchequer did not attend these sort of meetings when he was employed by a newspaper but, clearly, ten old pence would have been far preferable to the present new penny coin and there would have been no reason to abolish the half crown or create a lot of unnecessary new coins which your writer finds just as unsatisfactory as do the people in the country.

C. G. L. Wooldridge,
*Chadwick, Son & Nicholson,*
*54 Bradford Road,*
*Dewsbury, W. Yorks.*

### Dodging the car tax

*From Mr W. Critchley*

Sir,—The suggestion by Mr K. Richard (October 4) that it would be more desirable to do away with vehicle excise duty in order that the police could apply themselves to the solving of more serious crimes may have overlooked an important factor. In order to obtain an excise licence, valid MoT and insurance certificates must be produced. Therefore the non-display of such an apparently innocent piece of paper is often the very omission which leads police to the apprehension of drivers who have no MoT, no insurance, are possibly driving a stolen car, and may not even be in possession of a driving licence.

William Critchley.
*187b, Church Road, SE19*

# FINANCIAL TIMES

Wednesday October 9 1985



**Nancy Dunne visits a down-at-heel U.S. shoemaker fighting the flood of imports**

# Mother Goose struggles for survival

MR DAVID KESSLER, president of the Mother Goose Shoe Company in western Maryland, is haunted by a vision. Fifty women in China are sitting around a table in an unheated room lit by a 50 watt light bulb. They are carefully cutting leather with broken glass to produce shoes.

"If China ever gets organised it will destroy us completely," he predicts. "Not only us... but every product made in this country will be destroyed."

Mr Kessler is one of the few survivors in an industry overrun by imports, the son and grandson of shoe makers. His father emigrated to the U.S. from Germany early in the century. With $2,400 in savings and loans, he and his brothers began to produce women's shoes in Baltimore.

They went bust during the 1930s depression, and went into retailing, but shoemaking is apparently in the blood. Mr Kessler senior set up a sewing machine in the backroom of his shoe store. His growing family lived on $15 a week, his four children worked after school and eventually Mr Kessler opened another factory to produce children's shoes.

The sons joined the business after the second world war, and they moved out to Westminster, Maryland, population now 10,000, in search of a stable labour force – and thrived. But that was before the surge in imports.

Between 1968 and 1983, 402 U.S. shoe factories closed. Another 105 followed last year. The survivors are mostly privately held firms, producing fewer than 1m pairs a year. They are run by tough, lucky people who mostly specialise in types of footwear not made overseas.

The 170 workers in the Westminster Mother Goose plant – there is another plant with about 70 workers in Littlestown, Pennsylvania – make "popular price" shoes which for the time being seem safe from foreign competition. "Children's shoes have to fit," said Mr Bill Isenberg, the operations manager. "Overseas they don't make multiple widths."

But production in the two Mother Goose plants has been dropping gradually since 1982, when the business had its most profitable year ever. The number of workers has declined from about 300 to 240. Like most of the small U.S. shoemakers, Mr Kessler had high hopes that President Ronald Reagan, whom he supported and still likes, would grant the quota relief recommended by the International Trade Commission.

The Footwear Industry Association has taken its case for quotas to Congress, where a measure to provide import ceilings for eight years has been joined with a textile bill in the Senate. The industry needs time to modernise, says the FIA, but Mr Kessler says otherwise.

The costs of labour are the problem, he says, even though his non-unionised workers receive only about $4.75 an hour. "How can we compete against Taiwan, where workers are paid 25 cents an hour, or China, where they get 10 cents to 15 cents. We have a modern building, all the amenities. We have conveyors, and computer stitchers. OK, maybe we could put in some more computer stitchers, but we don't even use those we have now to full capacity," he says.

"Those people in Korea, Taiwan, work six to seven days a week. They get two days off a month. There is no such thing as paying benefits."

The Mother Goose officials maintain "a family atmosphere" in the plant, where mostly women work amid the smell of glues and clatter of the various machines. The workers earn bonuses for extra production or working out ways to save material. They are busy counting shoe pieces, sticking "skiving" edges. There is air conditioning, which has not been turned on, and piped music, which cannot be heard.

"I get no respect," jokes Mr Isenberg, when a worker teasingly shoves a empty candy wrapper in his pocket. Another woman displays pictures at her work station: one of her grandchild, one of her motorcycle.

Those who stay with the company for 25 years get watches, says Mr Isenberg. Several have been presented. However, most of the women work on and off as their family situations demand. There are few other area employers who pay better.

Mr Kessler scoffs at the Administration's programme to retrain laid off shoe workers. "What are they going to do? Make them all lawyers, doctors? You cannot support a country on service occupations."

Meanwhile, the shoe industry is beset by other problems. Importers, say Mr Kessler, have driven up the cost of leather by buying heavily in the U.S. hides market. And the high cost of credit has hurt. Guarded about his company's earnings figures, Mr Kessler says he borrows "in the seven figures" during the year to build up stocks for the industry's two seasons – back-to-school and Easter.

President Reagan, the people in Maryland think, has been badly advised. He talks about the new jobs created, the Mother Goose officials say, but what about the unemployed? What good does it do to hold down inflation when people are losing jobs?

The trouble is, they think, American bankers have lent money to the Third World which cannot be repaid without exports to the U.S.

"Then for every dollar the exporters earn, maybe they'll pay back 10 cents on their loans because they are very dishonest," says Mr Kessler.

The U.S. has helped others with its technology but "it doesn't mean we have to give away an industry," he believes.

## THE LEX COLUMN

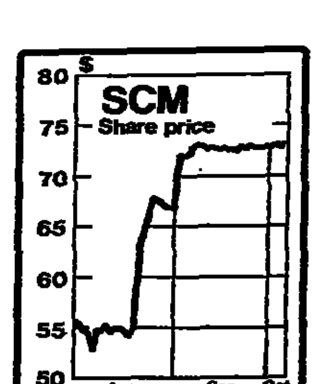
# Hanson turns the screw

Of all the parties with an interest in the battle for SCM, the SCM shareholders now have the least to lose; after yesterday's increased tender offer from Hanson, even the least quick-footed shareholder will be able to realise a higher price – $75 a share – than Merrill is offering, and more than the front-line of arbitrageurs got from Hanson in the open market. SCM's management is to all intents sidelined, in the hands of Merrill Lynch. But for Hanson and for Merrill alike, the penalties of failure may be severe.

So far as Hanson is concerned, there would be considerable frustration if SCM were finally to get away, after the summer's unwieldy rights issue and months of siege warfare on Wall Street. Yet the true cost would most likely be felt in the loss of momentum; a Hanson with no substantial acquisition since 1984 and none in immediate prospect might not be the easiest proposition for stockbrokers to put across. For Merrill, the amount of muscle and ingenuity invested in putting together the SCM buyout has amply demonstrated how much of its prestige is at stake.

Since the complications of the law courts have apparently swerved in Hanson's favour, after threatening to decide the issue the other way, it looks as if Hanson may be close to success. Most of the outstanding equity in SCM is either already owned by Hanson – in itself enough to block the Merrill plan – or held by arbitrageurs; the bulk of institutional investors will have cashed in their chips some while back. Given a choice between $75 cash or a lower offer partly consisting of junk bonds, there should be little contest.

It remains barely possible that Hanson's increased offer will provoke a counter-increase from Merrill. Yet the higher the stakes go, the larger is likely to be the paper component which SCM shareholders are asked to absorb; no matter how high the quality of the junk on offer, cash is always likely to prove more attractive in the end.




### Money supply

Britain's gilt-edged market has plainly received the Treasury message loud and clear. Banking September was a terrible month for sterling M3 – annualised growth of 18½ per cent over the past six months makes the target look a monetary joke, if there is such a thing – but fixed interest scarcely flinched on the news. M0 is still in the bottom half of its range and, unless Mr Nigel Lawson, the Chancellor of the Exchequer indicates otherwise in his Mansion House speech later this month, it is narrow money that counts.

The Chancellor may have a little explaining to do on another front. Coming on top of a disappointing August figure, September's £1.6bn public spending borrowing requirement (PSBR) cannot be attributed just to soft oil revenues, timing anomalies or faulty seasonal adjustments.

Spending is evidently off course and the Treasury's 1985-86 projections already lack credibility. So the Government will need to refine its PSBR target, accelerate asset sales or make the most of its liberal contingency reserve. If past practice is any guide, it may do all three.

### Sears

The British stores sector has been so convincingly re-rated this year that nothing but the best will do; and Sears has got into the habit of producing mildly disappointing figures to detract from the clear evidence of better direction.

If last year the problem was competition from plastic sandals, this year it was bad weather that killed the sale of summer shoes in the UK, while Butler in the U.S. is still making no money in an overstocked market.

Pre-tax profits growth of only 10 per cent (to £68m) is not the stuff of a sector discounting increases of twice that this year and next.

Without the shoes, Sears showed underlying growth of nearly 50 per cent and the performance of its other stores, where profits doubled to £20m, was little short of spectacular. These figures did include a maiden contribution of £2.5m before interest from Forster Brothers (consolidated since April), but Sears is clearly reaping as much benefit as anybody else from repositioning its shoe identities and from heavy refurbishment (in this case at Lewis's).

This is all very well, but the rerating of the stores sector is not simply a sterling-based distaste for overseas earners but a recognition that the removal of some large and sleepy constituents has left a high-quality residue. Sears' earnings from bookmaking and from house construction, however striking this time round, must be more cheaply valued.

The group should make over £190m for the year even without a recovery in U.S. footwear; but at yesterday's price, down 6p to 105p, Sears is trailing the sector rating by 2 points.

### Christies Intl.

The stock market's hammer came down on Christies International's interim results yesterday. On news that pre-tax profits were marginally lower at £7.1m, the shares fell 12p to close at 243p. The results were actually no worse than expected, but shareholders may well have been worried that the restored Sotheby's is putting too much pressure on Christies' New York operations.

Selling commissions are indeed being squeezed, particularly in New York. And Sotheby's is now offering clients banking facilities – like advances on their Old Masters – while Christies would rather introduce sellers to a friendly local bank manager. Not that its balance sheet is stretched; even after buying premises in both London and New York this year, it should have net cash at the year end.

Christies will be hard pushed to match last year's results, but then the £21m Chatsworth sale was such a windfall that its profits could almost have qualified as an extraordinary item in the 1984 accounts. If the company does manage to make £16m this year, its shares stand on a p/e of around 12 – quite a fancy rating for a company which never knows where it will earn its profits from one year to the next.

# Hanson raises bid for SCM

By William Hall in New York

HANSON TRUST, the UK industrial holding company, yesterday announced a $75 per share cash tender offer for SCM, the New York conglomerate, in a last ditch effort to win control.

Hanson's decision to increase its offer for SCM for the second time follows a share buying spree last week during which it increased its stake in SCM to 32.1 per cent, effectively blocking the company's plans to go private with the help of Merrill Lynch, the world's biggest brokerage firm. The latter is providing the bulk of the finance for a $74 per share management buy-out which is scheduled to expire on Friday.

Sir Gordon White, the chairman of Hanson's North American interests, said yesterday that SCM management had earlier recommended that shareholders accept an offer of $59.20 in cash and $14.80 in junk bonds and claimed that the new Hanson offer was "clearly superior."

The Hanson offer contains several conditions which SCM management and Merrill Lynch will find difficult to accept. It is conditional on SCM and Merrill Lynch breaking the controversial "lock-up" asset option agreement under which Merrill Lynch has the right to buy two of SCM's biggest subsidiaries – consumer foods and pigments – for $430m.

The "lock-up" agreement is designed to prevent a rival bidder entering the battle and Hanson has stressed that the agreement allows Merrill Lynch to buy parts of SCM accounting for over half of the group's net earnings at less than seven times earnings – which it argues is too cheap.

The Hanson offer is also subject to the condition that SCM's consumer foods and pigments businesses and $9m of SCM's funds and all other SCM assets which are being held in escrow for Merrill Lynch, be released and returned to SCM, without payment or agreement to pay additional cash to Merrill Lynch or any other party.

Sir Gordon said that he assumed SCM management would take all seps in its power to enable SCM's shareholders to "accept the new Hanso bid promptly." However, sources close to SCM said that there was little SCM management could do and it was up to Hanson to bargain directly with Merrill Lynch.

They added that SCM had signed an irrevocable agreement with Merrill Lynch if the conditions to excercise under the asset option agreement between the two parties are met and the option is excercised.

See Lex

# India set to sign £220m order with British aircraft makers

BY JOHN ELLIOTT IN NEW DELHI

INDIA is on the brink of placing orders worth between £220m and £250m ($310m-$352m) with the UK for Westland helicopters and British Aerospace Sea Harrier jump jets after negotiations lasting nearly two years.

Mr Rajiv Gandhi, the Indian Prime Minister, who is due to arrive in Britain next Monday, has personally approved the purchase of the Westland W30 helicopters costing £65m to £85m. He opposed the order earlier this year but has changed his mind and the sale, backed with £65m of British aid, is expected to go ahead after the Indian Government sets up a new helicopter corporation later this month. The deal would give a big boost to Westland's flagging sales.

Negotiations between British Aerospace and the Indian Ministry of Defence on the sale of 11 Sea Harriers, plus Sea Eagle missiles, are at an advanced stage. They may be completed by the end of this week and the sale would be worth about £160m.

It is unlikely that any formal announcements will be made, or any contracts signed, during Mr Gandhi's two-day visit to the UK, which will include a visit to British Aerospace, but he is publicly acknowledging that the Westland contract is expected to go ahead. The projects are likely to be mentioned during the visits, however, and this will be seen by the British Government as a significant sign of improved relations with India, which have been clouded during the past year by the activities in the UK of Sikh extremists.

A possible sale to India of HMS Hermes, the British aircraft carrier which saw service in the Falklands war, for perhaps £30m may also be discussed during Mr Gandhi's visit.

Britain is also likely to press its case for one of the largest international defence orders now on the market – a £700m contract for a 155mm Howitzer gun. France is at present believed to be the leading contender for the order.

Other missile contracts are also being discussed between the two countries, as well as a broad memorandum of understanding on defence sales and transfer of technology.

British Aerospace has been hoping to clinch its order for Sea Harriers since early this year and is this week making progress at negotiations in New Delhi.

India placed its first order for eight Sea Harriers in 1979, and these are now going into service.

The Westland order has run into several snags in the past year. These have partly been caused by India's anger over the Sikh extremists' activities, partly by counter-bids by Aerospatiale of France for its Dauphin Aircraft, and finally by Mr Gandhi who had personally opposed the order.

The helicopter was successfully put through fresh trials by India last month.

# Renault axle plant occupied by CGT

Continued from Page 1

controls this summer. Although still operating heavily in the red, Renault's losses are no longer averaging FFr 1bn a month as in the first six months of this year.

The CGT and the Communist Party have been seeking for some time to provoke a labour dispute at Renault in an effort to undermine the Socialist Government before next year's general elections.

CGT militants organised a number of commando actions against Renault this summer which included stealing a number of cars from a Renault showroom and using them to block the Champs Elysées in Paris. But Renault workers, in general, have so far not followed the lead of CGT militants and Renault's restructuring has so far been undertaken in a relatively calm labour climate.

The decision of the CGT to occupy the Le Mans plant is significant because the factory is now regarded as the main stronghold of the pro-Communist union at Renault. In the past, the car plant of Billancourt in Paris was regarded as the traditional bastion of the CGT. But the union's influence there has since waned because it has failed to control Billancourt's large population of immigrant workers.

Le Mans has always been the scene of tough union disputes which have either been settled extremely quickly or have turned out to be very long costly conflicts. There are no immigrants at Le Mans and the percentage of CGT members is now the highest of any Renault plant.

Moreover, a prolonged dispute at Le Mans could have a spillover effect on other plants and major repercussions for Renault's French car production.

The CGT initiative also coincides with Renault's decision to spin off into a separate wholly-owned subsidiary the state-group's troubled farm machinery business. This move is designed to give the new subsidiary greater flexibility to negotiate industrial alliances with other farm machinery makers and improve its financial performance.

M Besse hopes the farm machinery operations, which are expected to lose about FFr 140m this year on sales of FFr 3.15bn, will return to the black in the next three years.

But the domestic tractor market is continuing to decline with new tractor sales this year expected to fall to 47,000 from 54,000 units last year. Renault has the largest share of the domestic market with 17 per cent and produced 13,800 tractors at Le Mans last year.

CGT militants clashed with French riot police at Lorient in Brittany yesterday during the second day of President François Mitterrand's offical visit to Brittany. The clashes continued after President Mitterrand arrived at Lorient. Four people were injured and riot police had to use tear gas against the CGT militants.

The pro-Communist union organised the demonstration to protest against the Socialist Government's economic policies, which President Mitterrand again defended during his Brittany visit.

● Electrolux's French consumer electronics white goods subsidiary, Usines et Fonderies Arthur Martin (Ufam), is planning to cut more than 400 jobs at two plants. The subsidiary employs about 1,800 workers at its two plants in Reims and Revin in eastern France and expects to report losses of FFr 130m this year on sales of FFr 1.6bn.

# Fiat and Ford abandon merger talks

Continued from Page 1

ation, including possible joint research and development – "it's only one aspect of co-operation which has been ruled out. The problems within the industry which first provided the impetus for the talks are not going away."

Both Ford and Fiat said they would continue to explore with other companies prospects for collaboration wherever it might prove advantageous, although Sig Agnelli has already ruled out Japanese producers, saying that "they belong to a different world."

Ford refused to comment on whether the failure of the Fiat talks could lead it to seek a closer working relationship with Mazda, in which it has a 25 per cent stake. Although Nissan and Honda are developing European production projects, Mazda so far has not stated its intentions towards Europe.

Fiat meanwhile yesterday revealed plans for substantial new investments in fixed assets and research for 1986-88. It is to spend L10,500bn ($5.9bn), of which L6,000bn would be invested in Fiat Auto, the car subsidiary.

Fiat said last night that its management felt "strong enough in the European market to survive without a partner," if a suitable one could not be found.

# Three directors quit LRC after shake-up

BY MARTIN DICKSON IN LONDON

THREE non-executive directors are resigning from LRC International, the British-based consumer and rubber products group, after a major row over a boardroom shake-up.

The three are quitting over the board's majority decision on Monday that Mr Alan Woltz, LRC's American chief executive, should also take-over the role of chairman from Mr Donald Seymour, the non-executive incumbent.

Mr Seymour, who was offered the role of joint deputy chairman, is one of those quitting. The other two – out of a total of five non-executive directors in a 12-man board – are Mr Harold Whittall, who is also non-executive chairman of BSG, the car components group, and Mr Martin Lampard, a senior partner in LRC's legal advisers, Ashurst, Morris, Crisp & Co.

The three said yesterday that they all objected to the roles of chief executive and chairman being combined in a company such as LRC. Mr Lampard also expressed concern about the level of expenses being run up by company executives.

However, other board members said that behind the immediate dispute lay a long-simmering clash of personalities and policies between the men who are quitting and Mr Woltz, who has a reputation as an abrasive manager.

"It has been an open secret in the City that LRC has not been the happiest of boards," said Mr David Howard, a non-executive director who is staying on. "Monday's meeting was particularly lively."

Mr Woltz said: "I think what we have here is something personal." He described as "rubbish" the argument that the roles of chief executive and chairman should not be combined, since a large number of British companies used this structure.

He said a majority of the board, and all the executive members, felt it was time for a change of chairman, following a recent change of management structure to create two posts of managing director.

Mr John Connell, the other remaining non-executive director will become the company's deputy chairman.

Mr Lampard said he believed "the expenses being paid to executives are excessive by any standards but particularly for a smallish company like LRC which made less than £19m profits last year." He took particular exception to the £51,000 business and travel expenses claimed last year by Mr Woltz, whose salary was $324,356.

However, Mr Woltz said last night that the company's expenses were reasonable and were governed by a remuneration committee. The company also took expert outside advice.

Yesterday's row had little impact on LRC's shares, which closed at 134p, down 2p.

## World Weather

| | | °C | °F | | | °C | °F | | | °C | °F | | | °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | F | 24 | 75 | Dubrovnik | S | 25 | 77 | Malaga | S | 21 | 70 | Salzburg | R | 15 | 59 |
| Akrotiri | S | 26 | 79 | Faro | S | 28 | 82 | Malta | F | 27 | 81 | Seoul | S | 24 | 75 |
| Algiers | F | 26 | 79 | Florence | S | 23 | 73 | Manila | C | 32 | 90 | Singapore | R | 30 | 86 |
| Amsterdam | C | 12 | 54 | Frankfurt | F | 15 | 59 | Miami | C | 29 | 84 | Stockholm | C | 12 | 54 |
| Athens | S | 27 | 81 | Funchal | F | 25 | 77 | Milan | S | 23 | 73 | Strasbourg | S | 16 | 61 |
| Bahrain | S | 34 | 93 | Geneva | C | 17 | 63 | Moscow | C | 13 | 55 | Sydney | F | 21 | 70 |
| Bangkok | C | 28 | 82 | Gibraltar | S | 26 | 79 | Munich | R | 11 | 52 | Taipei | S | 31 | 88 |
| Barcelona | F | 23 | 73 | Guernsey | F | 14 | 57 | Nairobi | — | — | — | Tangier | S | 23 | 73 |
| Beirut | F | 27 | 81 | Helsinki | D | 12 | 54 | Naples | S | 27 | 81 | Tehran | — | — | — |
| Belgrade | S | 25 | 77 | H. Kong | C | 26 | 79 | New Delhi | R | 25 | 77 | Tel Aviv | C | 24 | 75 |
| Berlin | C | 15 | 59 | Innsbruck | F | 18 | 64 | New York | F | 20 | 68 | Tenerife | S | 26 | 79 |
| Biarritz | C | 15 | 59 | Inverness | F | 10 | 50 | Nice | S | 23 | 73 | Tokyo | S | 26 | 79 |
| Blackpool | R | 11 | 52 | Istanbul | F | 21 | 70 | Oporto | S | 19 | 66 | Toronto | S | 22 | 72 |
| Bordeaux | F | 18 | 64 | Jersey | F | 14 | 57 | Oslo | C | 10 | 50 | Tunis | F | 27 | 81 |
| Brussels | S | 12 | 54 | Jo'burg | S | 23 | 73 | Paris | F | 15 | 59 | Valencia | S | 26 | 79 |
| Budapest | S | 22 | 72 | Las Palmas | S | 25 | 77 | Prague | F | 17 | 63 | Venice | S | 18 | 64 |
| B. Aires | F | 16 | 61 | Lima | C | 19 | 66 | Reykjavik | S | 0 | 32 | Vienna | F | 19 | 66 |
| Cairo | S | 29 | 84 | Lisbon | S | 20 | 68 | Rio de J'o | C | 29 | 84 | Warsaw | C | 15 | 59 |
| Cape Town | S | 19 | 66 | Locarno | S | 20 | 68 | Rome | S | 25 | 77 | Zurich | C | 13 | 55 |
| Caracas | R | 28 | 82 | London | S | 13 | 55 | | | | | | | | |
| Casablanca | S | 23 | 73 | Los Angeles | S | 24 | 75 | | | | | | | | |
| Copenhagen | R | 12 | 54 | Luxembourg | C | 10 | 50 | | | | | | | | |
| Corfu | S | 28 | 82 | Madrid | S | 21 | 70 | | | | | | | | |
| Dublin | R | 9 | 48 | Majorca | F | 25 | 77 | | | | | | | | |

*Readings at mid-day yesterday:*

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

# UK money supply up

Continued from Page 1

central target for its medium-term financial strategy.

However, in the five-and-a-half years since targets were first announced, the indicator has been subject to persistent vagaries and has shown a perverse tendency to rise as interest rates are increased.

Partly for this reason, the focus of monetary policy has gradually been broadened, and in January, Mr Nigel Lawson, the Chancellor of the Exchequer, made it clear that the exchange rate had become the dominant indicator.

Nevertheless the growth of the money supply as broadly defined is still regarded as an important clue to the future course of inflation.

The recent rapid growth in sterling M3 is a result of a combination of fast growth in bank advances, fairly strong growth of public-sector borrowing and a more relaxed approach by the Government towards its funding policy.

In September, net sales of gilts were only £300m ($420m), against an estimated £1.6bn expansion of the public-sector borrowing requirement and a £1bn increase in bank advances to the private sector.

This was the fourth month in which gilt sales had been low.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday October 9 1985



# Spain ready to set seal on transfer of Seat to Volkswagen

BY TOM BURNS IN MADRID

SEAT, the Spanish state-owned car manufacturer, hopes to transfer its administrative headquarters from Madrid to Barcelona by the end of this year. Negotiations for the company's acquisition by Volkswagen of West Germany are entering their final stages.

The "political" decision to control Seat is reported to have been made by VW, and the final round of talks is said to centre on outstanding financial details of the agreement.

Sr Antonio Puerto, a leader of the Union General de Iraba Jadores (UGT) trade union, who heads the union's steel and metalworkers federation, said a possible date for an announcement of the Volkswagen acquisition was November 22. However, there was caution about naming specific dates.

The transfer to Barcelona, however, indicates that negotiations are into the final lap. Seat officials said the transfer would be undertaken urgently and that the aim was to have headquarters established in the Catalonian city by January 1 1986.

Volkswagen is understood to prefer the Seat headquarters to be in Barcelona where the Spanish company's main car plant is located. The move is expected to prompt voluntary redundancies among the nearly 1,000 Seat employees in Madrid.

Unions representing the Madrid employees have, however, signalled that they will strongly oppose the Barcelona move. A union-management meeting to negotiate the transfer is to take place next week.

A key feature of the Seat-VW negotiations is the proposed cuts in the Spanish company's 23,600 labour force. Seat had suggested 3,000 redundancies while VW was seeking 6,000. Seat management and union sources said a compromise of 4,500 had now been agreed.

The negotiations have so far involved considerable Spanish efforts to place Seat on a secure financial footing. Accumulated losses since 1977 totalled Pta 160.5bn ($700m) at the beginning of this year with a peak deficit of Pta 35.7bn in 1983.

The Spanish Government has written down the nominal Seat capital of Pta 36.5bn to nil, injected some Pta 42bn of capital and contributed a further Pta 21bn to cover the 1983 losses. The Instituto Nacional de Industria (INI), the Spanish public sector holding company which at present wholly owns Seat, has allocated an additional Pta 45.9bn over the next few years to aid the restructuring.

INI entered negotiations with VW after Fiat pulled out of Seat in 1980. INI's chairman Sr Luis Carlos Croissier, is anxious that VW should acquire an initial controlling interest in Seat prior to total absorbtion.

Under an existing agreement Seat is already producing Polo cars for VW at its Pamplona plant and Seat has access to the West German company's distribution network.

● Volkswagen said yesterday that it had still taken no definite decision about the takeover and would not comment on the progress of discussions in Spain, writes John Davies in Frankfurt.

VW's supervisory board, which would have to approve any management decision to buy into Seat, is due to meet on November 22.

Paul Taylor in New York looks at why a cosmetics group is so attractive

# Revlon catches eyes on Wall Street

REVLON, one of the world's best known cosmetics groups, has been under seige for almost two months. In mid-August, Pantry Pride, a relatively small Florida-based supermarkets, drugstore and retail group, launched the initial assault with a hostile takeover bid valuing the group at about $1.8bn.

The bid came after Revlon called off negotiations with Pantry Pride and threw up an impressive array of anti-takeover defences, including a poison-pill defence triggered if an unwelcome suitor acquires a 20 per cent stake. It also launched an extensive share-buy back programme.

But neither Pantry Pride, nor its chairman Mr Ronald O. Perelman, were about to give up. Pantry Pride and its privately-held New York-based parent, MacAndrews and Forbes, had spotted that Revlon was worth more than Wall Street investors had estimated.

Before Pantry Pride's initial $47.50-a-share bid, Revlon's stock had been trading slightly above $40, valuing the company at around $1.6bn.

What made Revlon doubly attractive was that aside from its line-up of top-name beauty care products, the lipstics, perfumes, eye make up and nail polish that once prompted Mr Michel Bergerac, its chairman, to describe the company as "selling hopes and dreams," Revlon has a fast growing health care business.

The cosmetics products are what Revlon is internationally best known for and are the legacy of the group's legendary founder, Mr Charles Revson, who started the company with $300 in 1932 with his older brother Joseph, and Charles Lachman (the source of the "L" in the Revlon name).

But while beauty products still generate 48 per cent of Revlon's $2.4bn annual sales, it is the group's disparate health care operations – ranging from ethical drugs to diagnostics and vision care products – which have become the real money spinners.

Revlon's health care operations, built up and nurtured by Mr Bergerac, a former president of ITT Europe, since he was brought in by Mr Revson to run the company in 1974, generated 66 per cent of the group's $298.3m in operating profits last year.

Pantry Pride's purported intention to sell Revlon's health care operation's, may help explain Mr Bergerac's initial denunciation of the offer as a cheap attempt to "bust up" the company.

But late last week, to the surprise of Wall Street, Mr Bergerac and the Revlon board put their names to another bust-up proposal. This time, Forstmann Little, the New York leveraged buyout specialists, offered $56-a-share in an agreed bid which would spit Revlon three ways.

Pantry Pride, undeterred by law suits, Revlon's poison pill – which would allow shareholders other than a hostile bidder to swap one share for $65 face amount of 12 per cent one-year Revlon notes – and the repurchase of 10m Revlon shares adding $575m to the group's debt, kept up its relentless pursuit raising the offer to $53-a-share just before Forstmann Little stepped in.

Under the terms of the Forstmann Little offer, Revlon would sell off its cosmetics business – and the Revlon name – for $900m to Adler and Shaykin, another Wall Street investment firm.

Its Reheis specialty chemicals and Norcliff Thayer unit, which makes antacids and other over-the-counter preparations, would be sold to American Home Products for a reported $350m.

The Forstmann Little group, which includes Mr Bergerac and other senior managers, would end up with the bulk of the health care segment – a business that, on its own, some Wall Street analysts believe could be worth about $1.8bn.

But while some on Wall Street believed the combination of Revlon's poison pill anti-takeover defences and the attraction of an agreed bid would prove a decisive blow in the battle for Revlon, others were not so sure.

In particular, they noted that the Forstmann Little bid was still below the $65 a share Mr Bergerac himself had said the company was worth, and they noted that the bid, although agreed, did not contain the now customary "lock-out" clauses which might stall a rival offer.

Finally they noted that the other recent deals, like Philip Morris' $5.8bn planned takeover of General Foods and Procter & Gamble's $1.55bn agreed offer for Richardson-Vicks, have established a premium price on Wall Street for consumer products companies with big brand names.

On Monday Pantry Pride came back into the battle again. This time the group offered $56.25 a share and linked it with a blistering verbal and legal attack on Revlon's tactics, the "golden parachute" payments to Revlon managers and the $25m fee Revlon has agreed to pay Forstmann Little, even if the buy-out deal is not completed.

To back its latest bid Pantry Pride which reported net earnings of just $4.8m on sales of $770m last year, said it has lined up full financing, including $750m in cash and bank loans of $450m with the remainder to come from a private placement of debt securities through Drexell Burnham Lambert, the Wall Street junk bond specialists.

While the outcome of the battle for Revlon is still undecided – Revlon is rumoured to have been approached by several "white knights" even before the Forstmann Little deal was announced – one thing is clear.

Revlon, which once only made money by making women look more glamorous, has ended up making itself an eye-catcher on Wall Street as the value of its stock has risen by over 30 per cent since before the battle began.

# Sun asset sale to net $190m in quarter

By William Hall in New York

SUN COMPANY, the 10th largest U.S. oil company, is selling $850m of its West Texas oil and gas assets and plans to book a $190m gain in the current quarter.

Sun, which last week announced a major restructuring of its business, said yesterday that the after-tax proceeds of the planned sale of the properties will be transferred to Sun Energy Partners, the new master limited partnership (MLP) which the company is forming. The money will be used to fund a portion of the exploration and development costs of the partnership.

The Pennsylvania-based company said that the proposed sales are part of its continuing programme to improve the productivity of its asset base. Since 1980 the company has bought and sold oil and gas reserves, selling those properties which have a greater value to a different owner and buying those which it can more profitably develop.

The properties being sold are separate from the oil and gas properties which Sun has put up for sale because they do not meet its return requirements. Sun is taking a $170m after-tax charge in its third quarter on the sale of these assets, proceeds of which will also be invested in Sun Energy Partners.

Sun's shares, which fell sharply last week after the restructuring announcement, shed another $¼ to $50¾ in early trading yesterday. Investors were disappointed that the company was not transferring units of the MLP, which will contain the group's U.S. oil and gas reserves, directly to shareholders and was instead going to sell off 2 per cent to 3 per cent of the MLP units each year to finance exploration.

The company has indicated that it is working on plans to allow its shareholders to buy units on favourable terms.

# Moulinex blames slump in demand for loss

BY PAUL BETTS IN PARIS

MOULINEX, the French kitchen equipment manufacturer which earlier this year linked up with Scovill of the U.S., reported yesterday a first-half net loss of FFr 17m ($2.2m).

The company, which has been hit by sluggish demand in some of its major markets, was expected to show lower first-half results but not a loss. In the first six months of last year, Moulinex reported net earnings of FFr 31.3m.

Parent-company sales in the first half rose to FFr 1.5bn from FFr 1.4bn in the year-before period. Operating earnings slumped to FFr 7m from FFr 61m the year before, while cash flow declined to FFr 45m in the first half from FFr 98m in the first six months of last year.

Among the reasons given by the company for the decline was a slump in demand, especially from the Middle East. However, Moulinex said it expected its performance to improve as a result of product introductions in coming months, improved inventory controls and the impact of the company's recent rights issue on financial charges.

# Manville warns of write-off

BY OUR NEW YORK STAFF

MANVILLE, the U.S. building and forest products group which is attempting to reorganise under the Chapter 11 bankruptcy law following the filing of billions of dollars in asbestos-related health claims against it, warned yesterday that the group will post losses for the third quarter and full year. This follows a $180m pre-tax charge it expects to take against third-quarter earnings.

The Denver-based group, which recently approved a reorganisation plan under which it would eventually pay $2.5bn to asbestos victims, said the charge relates to the sale or shutdown of several operations and forms part of an extensive new business plan which also involves $788m in capital spending over the next five years.

The planned charge covers various strategic moves including the previously announced plan to close an aerospace insulation and industrial sealing parts factory in Manville, New Jersey with the loss of 850 jobs, the closure of facilities in Marrero, Louisiana, the shutdown of unprofitable residential roofing operations and the sale of most of the group's Canadian operations,

In the year-ago third quarter, Manville, which filed for Chapter 11 bankruptcy protection in August 1982 reported net income of $28.2m or 92 cents a share on revenues of $511.9m. The group, once the world's largest asbestos producer before it sold all its asbestos-related businesses, reported 1984 full-year net earnings of $77.2m or $2.18 a share on revenues of $1.87bn.

The company said that the board-approved capital spending programme represents, "a real commitment to the future strength of Manville" and that "it will concentrate on those businesses in which we have strong competitive positions."

# International Paper hit by redundancy costs

BY TERRY DODSWORTH IN NEW YORK

INTERNATIONAL Paper, the largest paper group in the U.S., suffered a severe profits setback in the third quarter when problems posed by a difficult trading environment were compounded by a heavy charge for redundancy costs.

Net income amounted to $15.2m, or 18 cents a share, against $71.6m, or $1.30 a share in 1984, while sales fell to $1.1bn from $1.2bn. Underlying earnings, however, before accounting for the $22.8m charge, came to $38m, or 64 cents a share.

Mr John Georges, chairman, said that profits were up modestly from the previous two quarters, but he expected them to continue to be affected by what he called weak pricing and demand environment in the industry.

International Paper has instituted a cost reduction programme in the face of its decline in earnings this year, including a cut in its salaried workforce of about 1,000 people. This will be achieved primarily through a voluntary retirement programme. The third-quarter charge is for pension expenses for employees taking advantage of this scheme.

● Holmens Bruk of Sweden, Europe's biggest manufacturer of newsprint, increased its profits by 11.6 per cent to SKr 192m ($24m) in the first eight months of the year.

The group, which has recently commissioned a new SKr 700m newsprint mill, increased sales to SKr 2.37bn in the period from January to August, from SKr 2.08bn in the same period last year.

Holmens Bruk now has a capacity to produce 700,000 tonnes a year of newsprint and a total capacity of more than 1m tonnes including other grades of printing papers.

Holmens said demand for newsprint continued to grow during the first eight months, although at a slower rate than in 1984. The group's paper mills operated at close to full capacity.

The market for magazine paper has weakened somewhat during the year as a result of a slowdown in advertising volumes.

Overall, its plants are expected to operate at around 95 per cent of capacity for the whole year.

# Perstorp earnings decline

BY DAVID BROWN IN STOCKHOLM

PERSTORP, the Swedish chemicals and plastics group, reports a SKr 14m decline in pre-tax profits to SKr 315m ($39m) for its 1984–85 business year, which was characterised by weak markets and heavy spending on acquisitions, investment, research and development.

The management nevertheless proposes to increase the dividend from SKr 1.10 to SKr 1.45 a share.

Adjusted group sales climbed by 14 per cent to SKr 3.45bn, but costs grew faster, yielding an operating result after depreciation of SKr 337m, down SKr 10m.

A slight decline in the net financial burden was outweighed by a rise in extraordinary costs.

Investment levels climbed sharply from SKr 164m to SKr 270m, due in large part to acquisitions, but also to the addition of new capacity in several areas.

# Beijer buys Munksjö stake

BY OUR STOCKHOLM CORRESPONDENT

INVESTMENT AB Beijer, the Swedish investment company, and the Munksjö paper group which has recently diversified into financial activities, have strengthened their ties in a series of cross-purchases valued at about SKr 200m ($25m).

Beijer, allied with financier Mr Anders Wall, has bought a 17 per cent voting stake in the paper group worth about SKr 130m and becomes its single biggest shareholder. It is said to be interested in further increasing its holding to about 20 per cent.

Beyond its paper activities, which generated a profit of SKr 150m last year, Munksjö has cash and liquid assets worth about SKr 800m.

# Two-pronged attack on jaded Eurobond investors' appetites

SYNDICATE managers were working hard to stimulate Eurobond investors' failing appetites yesterday, writes Maggie Urry in London.

Two approaches were adopted: either a straightforward issue for a good name borrower or a deal coming with a currency play or warrants.

In the first category was a deal from Japan Finance Corporation for Municipal Enterprises which has a state guarantee. Lead manager IBJ International priced the $100m 10-year issue to appeal to European investors, who demand higher yields, as well as Japanese. The coupon was set at 10½ per cent and issue price at 100½. With fees of 2 per cent, the all-in cost is 10 basis points above U.S. Treasury yields. The bonds were selling well at up to 99½.

Similarly J.P. Morgan is a popular name in the Eurobond market, although its debt is now rated AA+ by Standard & Poor's and AA1 by Moody's. Also for $100m, this has a seven-year life and lead manager Morgan Guaranty fixed a 10¼ per cent coupon with a 99¾ issue price. Fees total 1¾ per cent and the bonds were trading comfortably within that discount.

Morgan Stanley combined the two ideas by bringing Gaz de France, which has a French guarantee making it top quality, with an innovative structure. The $100m issue has a 10-year life and can be called after five years. It comes with 100,000 warrants to buy a bond with the same maturity, November 1995, and coupon 11 per cent. The package is priced at 103¾.

During the first five years the warrants can be exercised only by surrendering the original "host" bonds. After five years the warrants give the right to buy the new bonds for cash only. These "back" bonds are non-callable. So Gaz de France will not suffer an increase in the total amount outstanding during the first five years and can choose to call the host bonds after that. The deal is connected to a swap giving the borrower floating rate dollars.

Fees total 2 per cent and the initial reception was good, although the deal was launched late in the day. The package was quoted close to its issue price. However, some traders questioned the value of the warrants to investors, as they cannot be exercised except by sacrificing the bonds for the first five years.

A $50 issue for Northern Telecom, the North American telecommunications group offered investors a currency play. This carries warrants to buy a bond denominated in European currency units. The dollar bond has a five-year life with a 10 per cent coupon and 100¾ issue price. The warrants, priced at $15, have a one-year exercise period and buy into a six-year 8¾ per cent non-callable issue. Fees total 1⅞ per cent. The issue was meeting a slow response.

Dual-currency issues were also popular with borrowers. Federal National Mortgage Association launched its second Euroyen dual-currency issue raising Y40bn. This has a 10-year life and redemption will be at an exchange rate of Y184 to the dollar. The coupon is 8 per cent and issue price 101.

Ford Motor Credit launched a dual currency deal in the Swiss franc foreign bond market, led by Crédit Suisse. The 10-year issue is for SwFr 170m with redemption at $2,765 for each SwFr 5,000 bond. The coupon is 7¼ per cent and issue price par.

Elsewhere in the Eurodollar market Crédit Suisse First Boston launched a $250m nine-year floating rate note issue for Regie des Installations Olympiques, the Quebec agency which built the 1976 Olympic Games facilities. The issue will pay interest equal to three month London interbank offered rate and issue price is par. Fees total 33 basis points and the bonds were bid at 99.73, the level where the co-managers own them.

In the D-Mark Eurobond market no further new issues were launched. The secondary market saw a wave of selling and prices fell by ½ point or even a full point in places. Traders reported indigestion in the market, which was suffering the excesses of the primary market.

As well as the Ford issue, the Swiss franc market saw a SwFr 100m convertible issue launched for Daiwa House Industry, led by UBS. The bonds mature in March 1991 and the indicated yield is 2¼ per cent.

International bond service, Page 21

# Bond dealing system set up by Reuters

By Our Euromarkets Staff

REUTERS, the international news agency, has launched a new bond dealing service similar to its money dealing service. The system has been test marketed for 10 months and now has 105 subscribers.

The system allows dealers to communicate with each other through Reuters screens, by typing in messages which are then transmitted only to the specified recipient. Thus confidentiality is ensured.

Traders can request price quotations from counterparties and agree to deal, at the same time arranging administrative details such as settlement. These "conversations" are then automatically printed out.

Reuters claim a maximum time lag of four seconds in making contact between two screens. Traders can also programme the keyboard to send frequently repeated phrases at the touch of one key. They can have up to 15 call signs, for example, for the companies they most often deal with.

The service costs users £1,340 ($1,894) per month, if they are based in London.

Later this year, Reuters expects to launch a "bonds alert" service which will allow a contributor to send information to a number of other screens at once, specifying who should receive the message. A trader could then offer bonds to a range of other dealers, for example, and then deal with the first one to respond.

# INTL. COMPANIES & FINANCE



## Record gold prices for CGF reflect weak rand

BY KENNETH MARSTON, MINING EDITOR

RECORD gold prices averaging R22,201 per kilogram have been received in the September quarter by the seven South African gold mines in the Consolidated Gold Fields (CGF) group. This 9.9 per cent increase over the June quarter average reflects the weakness of the rand against the U.S. dollar in which gold sales are made.

Gold output in the latest quarter has fallen to 30,924 kg from 32,687 kg as a result of lower ore grades being milled at several of the mines.

The average increase in working costs of 4.5 per cent to R76.24 per tonne of ore milled compares with a 10 per cent rise in the previous three months and largely reflects the July wage increase for black mine-workers.

Aggregate profits at the pre-tax level have risen to R453.2m from R448.6m and Doornfontein shows up well at this stage with a profit of R25.9m against R22.6m. Tax charges, however, are generally higher in line with a seasonal reduction in the tax-offsetting capital expenditure.

The result is that, at net level, aggregate earnings for the quarter have declined to R208.8m from R228.9m in the June quarter. Thus, apart from Deelkraal which has recovered from a disappointing June quarter, individual net profits are generally lower.

In the case of Driefontein Consolidated, earnings have been affected by a further fall in grade at the East section while lower grade has also reduced gold production at Libanon and the more marginal Venterspost. Increased tax has left Doornfontein with an unchanged net profit.

While the earnings performance of these mines may seem disappointing in the light of the record gold price received, costs have been well contained after the round of wage increases—labour accounts for more than 50 per cent of the industry's costs.

**GOLD MINE NET PROFITS**

| | Sept qtr R000 | June qtr R000 | Mar qtr R000 |
|---|---|---|---|
| Deelkraal | 13,911 | 12,802 | 15,552 |
| Doornfontein | 18,264 | 18,298 | 16,497 |
| Driefontein | 102,649 | 122,207 | 111,154 |
| Kloof | 58,090 | 57,813 | 57,579 |
| Libanon | 12,724 | 13,737 | 12,810 |
| Venterspost | 2,523 | 3,427 | 5,799 |
| Vlakfontein | 764 | 643 | 785 |

## Kuwait SE suspends trading in Gulf shares

By Kathy Evans, Gulf Correspondent

THE KUWAIT Stock Exchange has suspended trading in all 38 Gulf companies and a number of Kuwaiti "closed" shareholding companies which were formerly listed on the official market, according to Finance Ministry officials.

The Gulf companies used to be quoted on the illicit Souk al Manakh market, and later formed a parallel market on the official exchange when it moved into a new headquarters and was established under tighter regulations. All of these companies are registered outside Kuwait, in either Bahrain or the United Arab Emirates.

The suspension in trading will continue, the officials said, until an official study on the health of the companies has been presented to parliament in early November. Financial observers in Kuwait believe that "10 companies at best" will be found to be sound.

The announcement of the suspension is of particular interest to local bankers, as shares constitute a major part of collateral supporting bank loans. Kuwait bankers said yesterday that local banks had generally taken a cautious view towards accepting Gulf shares as collateral though there could be some exceptions to this.

Mr Jassim Khorafi, the Kuwait Finance Minister, has already stated in a local Press conference that some two-thirds of the country's total bank loans — more than $10bn — was unsecured anyway. Doubtful loans have been unofficially estimated to constitute about 25 to 40 per cent of total credit which stands at above $15bn. Capital and reserves of the banking system are $2.8bn, with some $1.5bn to $2.4bn in hidden reserves.

Local bankers say there has been no sign yet of the promised $1.5bn in government deposits promised by the Finance Minister last summer. Most now believe that, although approved in principle, the assistance package for the banks will have to be debated as a separate item by the Kuwait parliament. Political observers believe that parliamentary deputies may prove unwilling to provide public money to help out Kuwait banks and that conditions will be imposed on the assistance.

## Dow to sell Malaysian subsidiary

By Wong Sulong in Kuala Lumpur

DOW CHEMICAL of the U.S. has announced a restructure plan for Pacific Chemicals Berhad (PCB), its Malaysian subsidiary, under which Dow will receive a cash payment of 7.4m ringgit (US$3m) for giving up the publicly listed status of PCB.

Under the deal, Dow will sell its entire 51 per cent stake in PCB, amounting to 1.061m shares to four Malaysian businessmen for 13.26m ringgit. The four are Mr Tan Koon Swan, Mr Kayoom Mustakinm, Mr Low Chee Kein and Tan Sri Nasaruddin Mohamed.

Before this, PCB will transfer its entire chemical business to a new company, Pacific Chemicals Malaysia, PCBM, for 2m shares with a par value of 5.5 ringgit each.

PCB will then sell 51 per cent of PCM to Dow Chemicals for 5.61m ringgit, and another 29 per cent to Tan Sri Nasaruddin and Mr Kayoom for 3.19m ringgit.

Dow would also be entitled to receive a dividend of 1.67 ringgit per share which PCB would declare.

## Manila cuts commercial bank reserve deposits

BY SAMUEL SENOREN IN MANILA

THE PHILIPPINE central bank has cut by one percentage point to 23 per cent the level of reserves that commercial banks are required to place with it against deposit liabilities.

The move is intended to free as much as 1bn pesos ($53.6m) in funds as part of Government efforts to reflate the economy, which shrank by 4.6 per cent in the first semester.

Monetary officials hope that with more funds available and interest rates easing, business will pick up. Local bankers however, are not as optimistic. Some think the central bank action is an exercise in futility. Generally, businessmen do not want to resume activity at previous levels for fear of unsold stocks.

According to monetary authorities, inflation in September had gone down to 12.7 per cent from slightly over 15 per cent in August, but economists said the reduction was more the result of increasing consumer resistance rather than a sign of economic recovery.

President Ferdinand Marcos has, meanwhile, raised the authorised capital of Philippine Deposit Insurance Corporation (PDIC) from 20m pesos to 2bn pesos.

PDIC, created in 1983, is the insurer of all deposits of the banking system but the maximum amount of coverage is only 40,000 pesos per depositor.

There has been public agitation for some time to have the amount of insurance raised, following a spate of bank failures.

Most of the insured deposits with the failed banks have remained unpaid because PDIC does not have enough money.

Mr Marcos hopes that the PDIC measure will restore confidence and stability to the banking system which has been in some distress since a massive capital flight occurred in 1983.

## Philippines to privatise three mineral companies

BY LEO GONZAGA IN MANILA

MR CESAR VIRATA, the Philippines' Prime Minister, has announced that three government-acquired mineral entities are to be offered for sale to the private sector.

The three, all offshoots of the defunct Marineduque Mining and Industrial Corporation are Nonoc Mining and Industrial, which operates a nickel mine and refinery complex in Nonoc (Surigao del Norte, Southern Philippines); Maricalum Mining, operator of a copper mine and mill in Sipalay (Negros Occidental, Central Philippines); and Island Cement, which operates a limestone quarry and cement plant in Antipolo (Rizal, south of Manila).

The three were formed after Marinduque Mining was taken over and then closed by the state-owned Development Bank of the Philippines and Philippine National Bank following a default on debt payments.

Meanwhile, Atlas Consolidated Mining and Development has temporarily closed two more open-pit mines and another two of its ore concentrators in its copper property in Toledo (Cebu, Central Philippines) in line with a retrenchment programme. This follows the previous closure of an open-pit mine and concentrator.

## Asia Terminals stake sold

SEA-LAND of the U.S., has approved the HK$300m (U.S.$38.6m) purchase by New World Development of Hong Kong of a 49 per cent stake in Asia Terminals from Far East Consortium, AP-DJ reports from Hong Kong.

Sea-Land owns 50 per cent of the container terminal venture and had final say in the transaction between Far East and New World.

## Downturn for Hindustan Motors

By P. C. Mahanti in Calcutta

HINDUSTAN MOTORS, the Indian car manufacturing and heavy engineering company which belongs to the Birla group, has reported slightly increased turnover for the year to March but lower earnings.

Sales reached Rs 3.13bn ($264.6m) compared with Rs 2.98bn for the previous year, while pre-tax profits were Rs 337.8m against Rs 340m. Net earnings emerged at Rs 146.5m compared with Rs 160m.

Despite power shortages the company's West Bengal-based factory increased output substantially. In the automobiles division the production of Trekker and Porter cars increased.

# INTERNATIONAL COMPANIES AND FINANCE

## Océ result boosts dividend

By Our Financial Staff

OCÉ, the Dutch copier group, reports further strong profits growth for the third quarter of 1985 and is stepping up its interim dividend.

Third-quarter net earnings have risen by 23 per cent to Fl 17.8m ($5.97m) to lift profits for the first nine months to Fl 51.9m, against Fl 43.7m.

The interim dividend is rising from Fl 4.30 a share to Fl 4.50. For 1984, Océ paid a total dividend of Fl 9 following an increase in net profits to Fl 64.6m.

Turnover for the quarter rose to Fl 472.8m, and Fl 1.45bn for nine months, up from Fl 1.33bn. Office systems sales rose 25 per cent in nine months, while design engineering turnover improved by 5 per cent.

PEPSICO AND TENGELMANN JOIN IN FAST FOOD VENTURE

## Germans warm to pizza idea

BY JOHN DAVIES IN FRANKFURT

WEST GERMANS seem to be getting more of an appetite for fast food with a foreign flavour. The latest serving is being dished up by a joint venture formed by Tengelmann, the West German supermarket group, and PepsiCo of the U.S.

The two companies are joining forces to set up a chain of Pizza Huts around the country.

They expect to open about 40 in the so-called Rhine-Main area around Frankfurt-Wiesbaden and further north in the state of North Rhine Westphalia during the next three years or so.

But their hunger for business goes further than that, because they have a 10-year plan to open up 200 Pizza Huts in West Germany.

Most of the country's cities are already dotted with the bright lights and the hamburger and chip sizzling sounds of U.S.-style eateries, which seem to attract both Germans and tourists. McDonald's in particular is often so visible that it is easier for tourists to find than the local cathedral or town hall.

But even so, the food invaders still have a long way to go to oust more traditional meals (including sausage in its numerous forms) in the diet of West Germans.

According to culinary legend, the first Pizza Hut opened in 1958 – not in Italy but in Wichita, Kansas, and franchises have been spreading ever since.

Overall ownership of the business (and of the menu) was gobbled up entirely by PepsiCo in 1977.

Tengelmann and PepsiCo have formed a joint subsidiary to carry out their Pizza Hut plans in West Germany.

The Pizza Huts will be run by the partners directly, not franchised to others, and will aim to offer strong concessions to local style rather than a U.S.-type atmosphere.

With much fanfare, they formally opened the first of their joint operations yesterday in Frankfurt's Freßgasse, a pedestrian walkway lined with restaurants and with outdoor tables for beer and coffee drinkers. A small number of similar pizza restaurants was set up in Germany before the two companies came together.

Tengelmann, which is controlled and largely owned by Herr Erivan Haub, runs about 3,000 supermarkets and other shops in West Germany with sales revenue of about DM 11bn ($4.2bn) a year.

It also has a 51 per cent stake in Great Atlantic and Pacific Tea Company, the big U.S. supermarket chain. As part of its expansion abroad, Tengelmann took control of a chain of supermarkets in Canada through the U.S. company earlier this year.

## Humana earnings up 11.8%

By Paul Taylor in New York

HUMANA, the third largest U.S. hospital management group, yesterday reported a 15 per cent increase in fiscal fourth-quarter net earnings and an 11.8 per cent gain for the full year.

The Kentucky-based group said net earnings in the quarter ending August 31, increased to $52.3m, or 53 cents a share, from $45.44m, or 47 cents a share, in the year-earlier period, on revenues which also grew by 15 per cent to $748.1m from $658.7m. The gains were in line with Wall Street expectations.

For the fiscal full year, Humana reported net earnings of $216.2m, or $2.19 a share, on revenues of $2.88bn, compared with net earnings of $193.3m or $1.96 a share on revenues of $2.61bn in the previous year.

The latest full-year net earnings include non-operating charges and credits, including a $3m, or 3 cents a share gain on the sale of three hospitals.

## Motorola sells South African operations

By Jim Jones in Johannesburg

MOTOROLA Inc., the American electronics and communications company, has distanced itself from dealings with South Africa by selling its manufacturing, service and distribution interests there to Altech, one of the country's leading electronics firms. Motorola and Altech have concluded licensing and technical supply agreements as part of the sale.

The price has not been disclosed. Mr Nigel Moon, Motorola's managing director for South Africa, yesterday declined to reveal details of the company's local sales and profits, or how the American parent would be remitting funds out of the country.

Mr Bill Venter, Altech's chief executive, said that disclosure of the purchase price could give competitors information on the company's current stock position and hence provide them with a competitive edge.

## FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for October 8.

U.S. DOLLAR STRAIGHTS

| U.S. DOLLAR STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

OTHER STRAIGHTS

| OTHER STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

FLOATING RATE NOTES

| FLOATING RATE NOTES | Spread | Bid | Offer | C.dte | C.cpn | C.yld |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

DEUTSCHE MARK STRAIGHTS

| DEUTSCHE MARK STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

CONVERTIBLE BONDS

| CONVERTIBLE BONDS | Cnv. date | Cnv. price | Bid | Offer | Chg. day | Prem |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

SWISS FRANC STRAIGHTS

| SWISS FRANC STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| [illegible] | | | | | | |

Average price change On day + 0¼ on week + 0¼

| YEN STRAIGHTS | Issued | Bid | Offer | Change on day | Change on week | Yield |
|---|---|---|---|---|---|---|
| Finland Republic 6¾ 90 | 15 | 109⅜ | 109⅞ | −0¼ | −1 | 6.57 |
| Gdyr Tr & Rubber 7⅛ 95 | 25 | 108⅜ | 108⅞ | 0 | −0¼ | 7.02 |
| Mort Bk Denmark 7 92 | 10 | 100½ | 101 | −0⅞ | −0⅞ | 6.84 |
| New Brunswick 7⅛ 95 | 10 | 102⅛ | 102⅝ | 0 | −0⅞ | 6.78 |
| Swed Exp Cred Zero 90 | 14 | 72¼ | 72¾ | −0⅛ | −0¼ | 6.88 |

Average price change On day − 0⅛ on week − 0¾

[illegible]

for U.S. dollars. C.cpn. – current coupon. Cu. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.















## U.S. Quarterly Results

MARRIOTT
Hotels, food services

| Third quarter | 1985 $ | 1984 $ |
|---|---|---|
| Revenue | 968.9m | 834.2m |
| Net profits | 44.9m | 38.2m |
| Net per share | 1.57 | 1.44 |
| Nine months | | |
| Revenue | 2.84m | 2.4bn |
| Net profits | 115.6m | 97.9m |
| Net per share | 4.20 | 3.61 |

SAFEWAY STORES
Supermarkets

| Third quarter | 1985 $ | 1984 $ |
|---|---|---|
| Revenue | 4.58bn | 4.55bn |
| Net profits | 88.1m | 38.7m |
| Net per share | 1.48 | 0.65 |
| Nine months | | |
| Revenue | 13.88bn | 13.67bn |
| Net profits | 164.7m | 108.3m |
| Net per share | 2.74 | 1.83 |

1st NOVEMBER 1985 REDEMPTION

# BRITISH LAND INTERNATIONAL N.V.

## U.S.$16,000,000 8% LOAN 1987

### REDEMPTION OF BONDS

British Land International N.V. announces that for the redemption period ending on 1st November 1985 it has purchased and cancelled bonds of the above Loan for U.S.$756,000 nominal capital and tendered them to the Trustees.

The nominal amount of bonds to be drawn for redemption at par on 1st November 1985 to satisfy the Company's current redemption obligation is accordingly U.S.$844,000 and the nominal amount of this Loan remaining outstanding after 1st November 1985 will be U.S.$3,200,000.

### DRAWING OF BONDS

Notice is accordingly hereby given that a drawing of bonds of the above loan took place on 20th September 1985 attended by Mr. William Brignall Kennair of the firm of John Venn & Sons, Notary Public, when 844 bonds for a total of U.S.$844,000 nominal capital were drawn for redemption at par on 1st November 1985, from which date all interest thereon will cease.

The following are the numbers of the bonds drawn:

| | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 122 | 131 | 135 | 136 | 139 | 182 | 187 | 192 | 193 | 234 | 240 | 311 | 334 | 336 | 339 | 346 | 369 | 372 | 374 | 381 |
| 400 | 402 | 475 | 477 | 488 | 489 | 499 | 511 | 512 | 514 | 532 | 536 | 613 | 618 | 623 | 627 | 628 | 631 | 649 | 940 |
| 941 | 981 | 999 | 1004 | 1043 | 1069 | 1075 | 1076 | 1079 | 1082 | 1085 | 1086 | 1148 | 1155 | 1381 | 1431 | 1432 | 1435 | 1437 | 1454 |
| 1570 | 1576 | 1578 | 1581 | 1582 | 1583 | 1594 | 1595 | 1600 | 1621 | 1626 | 1636 | 1641 | 1655 | 1683 | 1695 | 1696 | 1723 | 1725 | 1727 |
| 1729 | 1731 | 2126 | 2128 | 2130 | 2137 | 2158 | 2169 | 2174 | 2187 | 2197 | 2199 | 2200 | 2230 | 2232 | 2255 | 2257 | 2266 | 2267 | 2277 |
| 2278 | 2280 | 2537 | 2540 | 2582 | 2589 | 2595 | 2598 | 2599 | 2635 | 2636 | 2658 | 2672 | 2791 | 3126 | 3136 | 3137 | 3138 | 3139 | 3188 |
| 3262 | 3296 | 3330 | 3336 | 3343 | 3345 | 3358 | 3367 | 3370 | 3380 | 3384 | 3394 | 3675 | 3783 | 3795 | 3803 | 3804 | 3805 | 4003 | 4009 |
| 4102 | 4294 | 4297 | 4384 | 4387 | 4392 | 4408 | 4424 | 4426 | 4430 | 4431 | 4433 | 4438 | 4581 | 4582 | 4583 | 4587 | 4591 | 4593 | 4601 |
| 4602 | 4603 | 4624 | 4627 | 4643 | 4654 | 4675 | 4684 | 4768 | 4816 | 4818 | 4820 | 4824 | 4840 | 4889 | 4890 | 4894 | 5010 | 5063 | 5147 |
| 5155 | 5404 | 5422 | 5424 | 5441 | 5470 | 5472 | 5474 | 5476 | 5477 | 5485 | 5489 | 5497 | 5501 | 5561 | 5567 | 5572 | 5610 | 5613 | 5616 |
| 5636 | 5641 | 5650 | 5651 | 5666 | 5798 | 5814 | 5823 | 5837 | 5886 | 6002 | 6068 | 6074 | 6162 | 6165 | 6215 | 6304 | 6314 | 6324 | 6339 |
| 6354 | 6358 | 6359 | 6376 | 6377 | 6437 | 6439 | 7545 | 7549 | 7551 | 7555 | 7560 | 7571 | 7575 | 7740 | 7747 | 7752 | 7908 | 7930 | 7931 |
| 7937 | 7938 | 7939 | 7950 | 7961 | 7964 | 7966 | 7969 | 8066 | 8108 | 8133 | 8152 | 8188 | 8189 | 8194 | 8203 | 8242 | 8335 | 8336 | 8341 |
| 8346 | 8349 | 8660 | 8661 | 8663 | 8665 | 8670 | 8722 | 8769 | 8771 | 8841 | 8870 | 9008 | 9010 | 9017 | 9020 | 9031 | 9040 | 9045 | 9124 |
| 9129 | 9135 | 9140 | 9144 | 9152 | 9266 | 9450 | 9465 | 9516 | 9588 | 9590 | 9702 | 9960 | 9967 | 9969 | 9971 | 9973 | 9975 | 9983 | 9986 |
| 9993 | 10194 | 10199 | 10220 | 10224 | 10230 | 10233 | 10237 | 10240 | 10246 | 10259 | 10260 | 10268 | 10270 | 10272 | 10276 | 10280 | 10286 | 10289 | 10292 |
| 10294 | 10295 | 10298 | 10299 | 10311 | 10322 | 10327 | 10330 | 10421 | 10426 | 10496 | 10512 | 10514 | 10519 | 10522 | 10523 | 10526 | 10531 | 10548 | 10558 |
| 10562 | 10563 | 10567 | 10568 | 10571 | 10580 | 10586 | 10589 | 10591 | 10594 | 10606 | 10611 | 10620 | 10624 | 10625 | 10637 | 10640 | 10645 | 10652 | 10656 |
| 10657 | 10677 | 10686 | 10689 | 10691 | 10692 | 10701 | 10705 | 10708 | 10710 | 10711 | 10712 | 10714 | 10715 | 10718 | 10721 | 10736 | 10739 | 10742 | 10747 |
| 10753 | 10755 | 10758 | 10760 | 10762 | 10782 | 10802 | 10804 | 10811 | 10824 | 10837 | 10849 | 10851 | 10867 | 10886 | 10889 | 10893 | 10895 | 11242 | 11243 |
| 11245 | 11250 | 11252 | 11264 | 11268 | 11272 | 11283 | 11288 | 11295 | 11303 | 11307 | 11308 | 11311 | 11316 | 11323 | 11325 | 11327 | 11339 | 11343 | 11344 |
| 11353 | 11363 | 11377 | 11384 | 11386 | 11389 | 11398 | 11399 | 11404 | 11405 | 11411 | 11412 | 11416 | 11421 | 11425 | 11436 | 11478 | 11480 | 11481 | 11490 |
| 11629 | 11632 | 11644 | 11660 | 11664 | 11667 | 11672 | 11673 | 11676 | 11677 | 11690 | 11692 | 11697 | 11698 | 11699 | 11701 | 11702 | 11705 | 11711 | 11718 |
| 11723 | 11725 | 11729 | 11739 | 11742 | 11765 | 11768 | 11787 | 11788 | 11802 | 11889 | 11899 | 11901 | 11951 | 12410 | 12413 | 12429 | 12432 | 12435 | 12439 |
| 12441 | 12443 | 12448 | 12469 | 12481 | 12487 | 12488 | 12491 | 12511 | 12518 | 12522 | 12536 | 12543 | 12544 | 12559 | 12562 | 12573 | 12577 | 12589 | 12592 |
| 12597 | 12608 | 12632 | 12634 | 12635 | 12640 | 12641 | 12653 | 12657 | 12658 | 12660 | 12666 | 12672 | 12683 | 12690 | 12699 | 12700 | 12707 | 12708 | 12710 |
| 12717 | 12720 | 12723 | 12731 | 12738 | 12744 | 12753 | 12754 | 12767 | 12773 | 12777 | 12778 | 12782 | 12783 | 12787 | 12809 | 12812 | 13239 | 13309 | 13312 |
| 13319 | 13320 | 13337 | 13347 | 13364 | 13367 | 13370 | 13380 | 13384 | 13393 | 13396 | 13398 | 13407 | 13410 | 13435 | 13443 | 13451 | 13452 | 13459 | 13461 |
| 13465 | 13475 | 13477 | 13479 | 13480 | 13484 | 13487 | 13488 | 13499 | 13502 | 13514 | 13517 | 13523 | 13525 | 13532 | 13534 | 13538 | 13540 | 13542 | 13550 |
| 13558 | 13562 | 13567 | 13573 | 13574 | 13575 | 13576 | 13582 | 13592 | 13603 | 13604 | 13609 | 13616 | 13623 | 13624 | 13633 | 13639 | 13644 | 13655 | 13657 |
| 13672 | 13677 | 13692 | 13693 | 13696 | 13703 | 13759 | 13760 | 13771 | 13796 | 13952 | 13956 | 13964 | 13965 | 13966 | 13968 | 13971 | 13979 | 13980 | 14018 |
| 14019 | 14021 | 14027 | 14037 | 14046 | 14049 | 14062 | 14085 | 14091 | 14106 | 14110 | 14111 | 14115 | 14123 | 14124 | 14133 | 14148 | 14154 | 14186 | 14192 |
| 14198 | 14203 | 14205 | 14216 | 14218 | 14229 | 14230 | 14232 | 14238 | 14240 | 14245 | 14246 | 14255 | 14261 | 14266 | 14281 | 14287 | 14293 | 14315 | 14317 |
| 14319 | 14330 | 14332 | 14334 | 14339 | 14341 | 14343 | 14347 | 14355 | 14868 | 14881 | 14900 | 14906 | 14914 | 14915 | 14920 | 14940 | 14944 | 14948 | 14951 |
| 14961 | 14962 | 14976 | 14981 | 14985 | 15000 | 15006 | 15008 | 15010 | 15016 | 15025 | 15030 | 15038 | 15039 | 15043 | 15046 | 15068 | 15069 | 15071 | 15081 |
| 15085 | 15095 | 15101 | 15115 | 15118 | 15125 | 15127 | 15140 | 15149 | 15163 | 15168 | 15179 | 15181 | 15183 | 15185 | 15190 | 15192 | 15196 | 15207 | 15209 |
| 15215 | 15217 | 15221 | 15223 | 15231 | 15234 | 15239 | 15247 | 15256 | 15257 | 15258 | 15260 | 15270 | 15273 | 15274 | 15305 | 15314 | 15326 | 15338 | 15467 |
| 15471 | 15485 | 15490 | 15492 | 15497 | 15507 | 15510 | 15517 | 15519 | 15526 | 15534 | 15546 | 15553 | 15558 | 15568 | 15572 | 15573 | 15584 | 15588 | 15595 |
| 15597 | 15598 | 15599 | 15601 | 15608 | 15613 | 15616 | 15617 | 15622 | 15625 | 15626 | 15633 | 15638 | 15641 | 15642 | 15643 | 15655 | 15657 | 15667 | 15671 |
| 15672 | 15676 | 15684 | 15697 | 15709 | 15716 | 15723 | 15724 | 15726 | 15727 | 15728 | 15730 | 15731 | 15737 | 15742 | 15746 | 15748 | 15755 | 15758 | 15770 |
| 15782 | 15786 | 15788 | 15797 | 15806 | 15809 | 15811 | 15813 | 15823 | 15828 | 15839 | 15840 | 15850 | 15859 | 15860 | 15882 | 15888 | 15892 | 15894 | 15896 |
| 15899 | 15900 | 15901 | 15903 | 15907 | 15913 | 15915 | 15924 | 15929 | 15931 | 15933 | 15944 | 15947 | 15950 | 15951 | 15953 | 15955 | 15965 | 15976 | 15977 |
| 15978 | 15986 | 15993 | 16000 | | | | | | | | | | | | | | | | |

*Witness:* W. B. Kennair, Notary Public.

The above bonds may be presented for payment of the proceeds of redemption at par on or after 1st November 1985 at the offices of the paying agents named on the coupons in the manner specified in Condition 7 of the Terms and Conditions of the Loan printed on the reverse of the bonds. Each of these bonds when presented for redemption must bear the coupon dated 1st November 1986, and subsequent coupon, otherwise the amount of the missing coupons will be deducted from the principal to be repaid.

Principal Paying Agent: N M Rothschild & Sons Limited New Court St. Swithin's Lane London EC4P 4DU

*9th October 1985*

# INTL. COMPANIES & FINANCE

# Adia secures a steady position in the temporary jobs market

BY JOHN WICKS


THIS SUMMER the Swiss-owned Adia group announced a new offensive. Together with a Japanese company, Career Staff, it is to set up a chain of temporary employment agencies in Tokyo's leading department stores. Its ambitious aim is to become the top "temp" company in Japan within the next 10 years, as well as spreading its operations to South-East Asia.

The Japanese venture marks a new step in the steady growth of the European market leader. Set up in 1957 — when temporary employment services were in their infancy — the Lausanne-based Adia concern last year reported consolidated turnover of more than SwFr 1.07bn ($447m) and cash flow of SwFr 43m. It ranks immediately behind Manpower and the Kelly Girl chain in the world league.

In the short history of the temp market, Mr Henri-F. Lavanchy, the company's founder, is something of a grand old man. After setting up Switzerland's first temporary employment agency, he soon began a long series of investments and acquisitions abroad —perhaps the most noteworthy being the purchase of London-based Alfred Marks, in 1977. The Swiss market today accounts for barely 10 per cent of Adia's business.

Early on, the Lausanne management decided to take a crack at the huge American market. In 1971 Mr Lavanchy snapped up his compatriot Yves Paternot direct from Harvard Business School and set him to build up a U.S. presence. Around the kernel of a small Californian agency Massey Temporaries, which it acquired the following year, Adia gradually developed a chain of 75 agencies which today make up well over 40 per cent of total turnover.

Much of Adia's expansion since the early 1970s has been by means of takeovers. Although the group is highly decentralised — there are only 22 people at Lausanne headquarters — the company likes to be in charge. Most affiliates are fully or almost fully owned. Adia Japan as a joint venture being something of an exception.

Unlike Manpower and Kelly Girl, Adia owns most of its outlets. Only in the U.S. and the UK do franchise holders play any significant role. In the U.S., the number of franchise operations could well grow to about half of all outlets, though fully-owned agencies would continue to account for most of turnover.

Mr Lavanchy still holds a majority of the company's shares, although he retired from active business last year. However, there is an increasing public stake in Adia. In Switzerland, the company listed part of its bearer share capital in 1979 and this May carried out a rights issue of participation certificates.

In the U.S., the Menlo Park-based subsidiary Adia Services offered 1.2m common shares on the New York Stock Exchange last year, the Swiss parent reducing its stake to 70 per cent in the process.

Business in the temporary employment field has improved substantially in the past couple of years, with Adia expanding its market shares. For the year ended June 30, 1985 the holding company increased dividends from SwFr 40 to SwFr 50 per bearer share and from SwFr 20 to SwFr 25 per registered share from net profits which jumped by 45 per cent to SwFr 10.2m.

According to Jean-Pierre Chiaradia, the company secretary, 1985 should be even better than last year and "nothing leads us to expect a decline." In the long term, the prospects for the May rights issue pointed out that while a further strengthening of the Western economy would naturally boost business, an economic setback would not necessarily have the opposite effect. The reasoning is that employers are then less keen to take on new permanent staff and tend to meet immediate needs with temps; in the UK and Holland, for example, the group has been doing better despite a rise in unemployment.

As far as expansion policies are concerned, Mr Chiaradia says Adia is both a "supermarket" of comprehensive, full service agencies and the home for small scale specialist businesses. Adia is still very much on the lookout for specialist firms to take over. Examples of specialist functions within the group are Quick Medical Service, a medical staff firm in France, or the American subsidiaries Word Processors Personnel Services and Account Abilities.

Geographically, the Swiss management remains very interested in the U.S. market, which it believes has more potential than the whole of Western Europe, while viewing "new markets in the Pacific area which could one day become an important addition to our activities." In Europe, opportunities could arise from the relaxing of temporary employment restrictions in Scandinavia.

Although temporary employment services make up 90 per cent of total turnover, Adia also has promising operations in other fields. One of these is the placement of permanent personnel. While this accounted for only 3 per cent of turnover last year, Mr Chiaradia sees this recruitment service growing as fast as or faster than the temporary employment market. However, signatory countries of a 1948 International Labour Organisation convention forbid private labour exchange business; Adia is therefore active only in the UK, the U.S., Canada and Switzerland, none of which has signed the convention.

Elsewhere, the group has an interesting position in the security sector. Starting with Protectas, a Lausanne subsidiary, in 1976 these operations have spread to several Continental countries and received a boost in 1983 with the acquisition of La Sécurité du Centre, of Lyon. Activities include alarm reception centres, surveillance, guard and courier services and the transport of valuables. In time, Britain and America may be added to the list of countries in which the group is active. Mr Paternot says the company would like to expand further in such fields as central monitoring.

He adds that Adia is interested in opportunities offered by home care (nursing aid and companion) services in the UK and the U.S. He is also optimistic as to the chances of the American-style "Service 800" free-phone facility, in whose Nyon, Switzerland, company Adia holds a 51 per cent stake.

Other diversifications have been less successful. Recent divestments included British office cleaning companies and a 50 per cent holding in the Swiss watch company Zenith International. In the leisure goods sector, where Adia has sought to build up a presence, the sailboard producer Mistral Windsurfing did not live up to expectations in 1982 and 1983 —though it has since emerged strengthened from a major restructuring.

# Bowthorpe surges 15% to £11.5m

Bowthorpe Holdings, designer, manufacturer and seller of accessories and components for the electronics, telecommunications, aerospace and electric supply industries, increased pre-tax profits by 15 per cent to £11.45m in the six months to June 30 against £9.93m last time.

Group sales soared by 22.8 per cent from £52.22m to £64.14m and Mr Ray Parsons, executive chairman, says he remains confident that the group will achieve record profits for the year. However he warns that he does not expect them to reach the target for the year. In 1984 profits before tax were £20.1m.

He says that, although sales were at record levels, orders were only 16.2 per cent better than last time.

UK sales exceeded budget, he says, but pressure on margins persisted and operating profits of the UK trading group were only a shade higher.

The overseas subsidiaries and related companies provided a more heartening result, he says, with the budget for both sales and pre-tax profits being exceeded.

The interim dividend is raised 0.26p to 2.33p a 10p share.

Trading profits were £10.29m against £7.27m. Operating profits of £10.9m (£8.18m) included a consequential loss insurance claim of nil (£583,000) and the share in the profits of related companies of £609,000 (£331,000). Pre-tax profits included net interest and similar income of £545,000 (£1.74m).

Tax took £4.99m against £4.3m and minorities £472,000 (£295,000) giving attributable profits of £5.99m (£5.33m). Earnings a share were up 1.5p to 13.5p.

The group has changed its accounting policy for foreign currency. The results of overseas subsidiaries and related companies have been translated into sterling using average instead of closing rates. Comparisons have been restated.

## ● comment

Given the cloud hanging over the electronics sector, Bowthorpe Holdings is right to sound a cautious note against excessive optimism on the year-end result. Operating margins in the UK have slipped from the 16 per cent estimated for 1984 and currencies have boosted the overseas contribution to profits to just over 60 per cent. Germany, which seems to be at a different point in its electronic's cycle is showing good gains as is the U.S.—although some of this is due to a maiden £650,000 or so contribution from SBD Electronic Systems. The policy of modest acquisitions is to continue: Monitor in the U.S. was bought in June for $6.75m and a further American prey is being stalked. Two targets in the UK have also been identified. The aim is niche markets not volume sales. Net cash is down from the year end's £23m to £13½m due to the purchases—hence, along with a fall in rates, the drop in interest income. On forecasts of £23½m pre-tax for the year, the shares at 327p are a bit behind the performance on a prospective p/e of 11 given a 48 per cent tax charge.

# CCA Galleries lifts profits 34% halfway

Strong trading both at home and overseas has produced encouraging progress at CCA Galleries in the first half of 1985, the directors state. The 34 per cent rise in pre-tax profits, from £213,000 to £286,400, is in line with the forecast made in July when the company joined the USM.

Turnover for the half year increased by 29.5 per cent to £2.02m (£1.56m), and the company, which publishes and markets signed original prints and sculpture, has achieved the results against a background of fluctuating foreign exchange rates, particularly in sterling against the U.S. dollar.

The directors say they keep such exposure under constant review and take steps to minimise adverse effects.

The move by the company to develop its separae identity from its former majority shareholder, Christie's International, and to maintain the momentum of its growth, continues satisfactorily, they add.

As outlined in the prospectus no interim dividend is being paid, but the directors intend to recommend a final of not less than 1p per share. In future years they intend dividing the dividend as to one-third for the interim and two-thirds for the final payment.

The tax charge increased from £109,000 to £122,900.

# Zero Bond Fund is launched

THE GROWING market in zero coupon bonds, broadened last month by the issue of ZEBRAS based on UK government securities, has spawned the launch of a fund, Zero Bond Fund, to invest solely in such securities.

Banque Arabe et Internationale d'Investissement (BAII) a Paris-based consortium bank, and Sheppards & Chase, the London stockbroker in which the BAII group has a 29.9 per cent stake, have each secured undertakings to invest U.S.$5m, making an initial size of $10m, but with an eventual target of between $20m and $25m (£17.7m).

BAII and Sheppards & Chase will manage the fund, which will be an open-ended investment company incorporated in Guernsey. Listing will be sought on the London Stock Exchange for participating shares.

The initial subscription price for each share is $10.50, including a 50 cent preliminary charge. The fund will be denominated in dollars and will invest primarily in dollar-denominated securities.

Zero coupon bonds pay no interest and are sold at a deep discount to face value. Investors receive no income but a large capital gain on the expiry of the bonds. The new fund's objective is thus to obtain long-term capital growth, with any surplus income being retained within the fund and not distributed as dividends.

Zero coupon bonds were created partly to benefit investors' tax positions, and have found a ready market particularly among Japanese institutions as well as offshore investors of the type that normally invest in the Eurobond market.

The funds is not aimed at UK investors, and particularly not at the general public who would have gains taxed as income. It is aimed at typical investors in zero coupons who desire a diversified portfolio. The managers plan to trade bonds within the fund reflecting market movements and interest rate trends.

About half the portfolio is likely to be invested in intruments such as STRIPS, CATS and TIGRs—all different brands of U.S. securities created by the separation of U.S. government securities from their coupons.

# London & Edinburgh up 58%

London & Edinburgh Trust, property developer and investor, increased pre-tax profits by 58 per cent to £3.26m in the six months to June 30 against £2.06m last time.

Mr John Beckwith, chairman, Turnover expanded by 86 per cent from £13.8m to £25.72m. says the indications are that full-year profits will be significantly higher than last year's £5.12m before tax.

The interim dividend is increased 0.5 to 3p and Mr Beckwith tells shareholders several important lettings and planning consents have been agreed in the first half which should contribute substantially to profits in 1986 and 1987.

"In addition, a number of exciting new projects have been acquired, which should help to ensure the continued growth in profits and therefore dividends," he says.

Net rental income for the half-year rose from £531,000 to £598,000. Interest receivable was £408,000 (£254,000) and payable £678,000 (£396,000).

Tax took £820,000 (£430,000) and minorities £19,000 (nil), giving attributable profits of £2.42m (£1.63m).

Interim ordinary dividends accounted for £540,000 (£450,000) and preference dividends £49,000 (nil), giving retained profits of £1.83m (£1.18m).

Earnings per 10p share were up from 9.06p to 13.16p.

## ● comment

London & Edinburgh Trust's innovative approach to putting together high-tech office developments appears to be paying off. Its track record in assembling the right sites, producing the sort of buildings that tenants want and lining up institutional investors to back its developments is probably unrivalled: in the 75 developments it has carried out over the last 18 months or so, only one has come close to going wrong. Income tends to be lumpy but this year should produce profits of at least £7.5m. After a 28 per cent tax charge, the shares, up 6p at 340p yesterday, are on a prospective p/e ratio of 12½—a figure which is somewhat meaningless given that there is nothing with which LET can be compared. The shares look good value given that the 50 or so developments in the pipeline assure good profits growth for at least two years hence; but how rapidly growth can be sustained beyond that is another question.

# Sparrow rejects £6.3m bid from BET

By Charles Batchelor

G. W. SPARROW & SONS, a leading crane hire group, yesterday rejected a £6.3m takeover bid from BET, the international services group, formerly known as British Electric Traction.

The BET bid announcement came four days after Sparrow, based in Bath, announced that reorganisation costs had pushed it £757,000 into the red in the six months ended June 1985 against pre-tax profits of £262,000 in the comparable period.

Sparrow directors, led by Mr Alf Sparrow, chairman and Mr Angus Lyon, managing director, travelled to London yesterday to seek a merchant bank to advise on defence tactics.

BET said the aim of its bid was to strengthen its position in the £100m crane hire market by adding Sparrow's capacity to that of its own subsidiary, Grayston White.

Small independent companies account for more than half of this market and their ability to operate on lower margins makes life difficult for the four major groups, BET said.

Grayston White is the smallest of the big four, which comprise Scott Greenham, which obtained a Stock Market listing in April, and Hewden-Stuart, another listed company, as well as Sparrow. Grayston has cut its crane fleet by a third in the past two years and made estimated pre-tax profits of £600,000 on turnover of £5m in the six months ended September 1985.

BET will offer one of its own shares for every five of Sparrow. BET's shares rose 5p to 320p yesterday to value its offer at 64p a share. However, Sparrow's shares rose 18p to 66p to put them out of the reach of the BET bid.

BET is also offering a cash alternative worth 60p a share. It owns no Sparrow shares yet.

BET would also be taking on Sparrow borrowings of £18.9m at December 31 1984 against which Sparrow had cash in hand of £1.9m. Shareholders' funds at that date were £12.4m.

BET said it had requested a meeting with the Sparrow board in the hope of obtaining its recommendation of the offer but none had been arranged. BET believes it can cut duplicated costs and rationalise Sparrow's crane fleet to reduce overcapacity in the market.

The bid forms part of BET's strategy of building strong positions in a limited number of specialist markets.

In October 1984 it paid nearly £6m for the scaffolding arm of UBM Group, the builders' merchants, in a deal which strengthened its position as number two in the scaffolding business.

Plant services accounted for about £100m of the £232m turnover booked by BET's construction division in the year ended March 1985. The division made pre-tax profits of £19.4m.

# Caparo dragged down to £0.2m by Fidelity losses

LOSSES at Fidelity have caused a sharp reduction in profits this year at Caparo Industrie,. This will, however, only be a temporary halt to the progress made over the last few years, says the chairman Mr Swraj Paul.

It is intended to maintain the 1.65 net dividend, he says, and this underlines the confidence that 1986 should show a resumption of the significant profit growth of previous years.

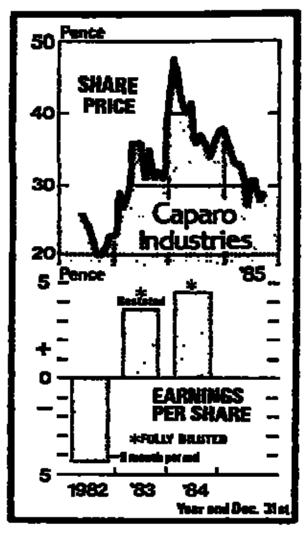
In the first half of 1985 operating loss of Fidelity came to £1.27m and to this is added £1.24m interest payable including associated acquisition finance. This holds back the group pre-tax profit to £222,000 for the half year, compared with £1.3m in 1984.

But the worse is now over. Mr Paul says an additional small operating loss for the second half is anticipated. Actions taken by the new management team should prove effective in 1986 and he believes a "worth-while operating profits" is achievable next year. "This would clearly represent a substantial turnaround for Fidelity and the group."

In the half year, industrial activities (other than electronics) lifted their operating profit by 50 per cent to nearly £2.2m, reflecting the progress made following management changes and restructuring of previous years.

The growth is organic, the chairman says, the inclusion of profits from new companies more than balanced by the loss of profits from companies sold since June 1984. Mr Paul is confident that there is scope for considerable further progress.

United Merchant Bar, the 75 per cent owned joint venture with British Steel Corporation to manufacture bars at Scunthorpe, is on target to start production in the first quarter




of next year. This substantial investment should show a good return from 1987 and thereafter.

Investment activities produced an operating profit of £1.06m (£833,000). After tax £55,000 (£390,000) and minorities £40,000 (£14,000), the attributable profit is £127,000 (£898,000), giving negligible earnings per share (1.93p). The interim dividend is held at 0.75p net.

Mr Paul says Fidelity's present range has a strong bias towards sales in the last four months of the year, and this leads to a significant profit imbalance between the first and second halves. The review of quality improvement and product development has initially reduced the range of products and has affected sales and profits.

The attention to quality and reliability has meant that new models for 1985-86 have taken longer than anticipated to develop to the standard needed. Certain products will become available for sale much later in the selling season, and will hold back sales figures below targets for this year.

Legal proceedings have been taken against directors of Fidelity alleging fraud and misrepresentation in respect of the published accounts of Fidelity for the year ended March 31 1984. Caparo is seeking damages covering its total losses which it estimates at over £10m.

Caparo Group is the parent company.

## ● comment

Mr Swraj Paul's Caparo Industries is continuing to struggle with the legacy of the Fidelity purchase—in fact the return on the Brown & Tawse stake makes him look better at speculative moves than at making takeovers. However, after months of agonising over whether to shut Fidelity down altogether Mr Paul has decided to persist. A totally new senior and middle level management team has been put in and the hope is for profits next year. Inevitably the balance sheet is the worse for wear. Capital gearing is 50 to 60 per cent of shareholders' funds but this should be down below 50 per cent by the year end thanks to the £10m raised in July by a preference share issue. Given the uncertainties over what can be done with Fidelity (the court case against two of its former directors and Touche Ross could run for years), forecasts are meaningless. This tightly held company's shares at 27p lay at the bottom of an 18 month trough; an unchanged dividend will not persuade the market that Caparo deserves much better until the news from the electronics side improve.

# Our Price 1.3m share placing

BY FRANK KANE

THE MAJOR founding shareholders in Our Price yesterday reduced their stakes in the fast expanding record chain via the placing of 1.3m shares at 555p, a 7.5 per cent discount to the opening price.

The placing, according to chairman Mr Gary Nesbitt, was spurred by the desire of the Midland Bank's venture capital arm to realise some of its original investment in Our Price, which went public in March last year via a tender offer. The Midland stake is halved to around 4.3 per cent.

Mr Nesbitt, whose personal holding in the company falls to around 14 per cent, said yesterday that once the Midland's intention was made known, it was decided to proceed with the placing in "an orderly and disciplined way."

Director Mr Michael Isaacs sold 200,000 shares and now speaks for just under 16 per cent, while the Fenton family and Mr M. M. Kingsley, who also put up money for the original venture, see their combined holding fall from 26 per cent to around 18 per cent.

Mr Nesbitt said that the placing was quickly oversubscribed by institutional investors, and that the deal would mean that Our Price shares would now be less narrowly traded. The company's founders still hold around 55 per cent of the issued equity.

The chairman added that he was very confident for the future, and looked forward to a very successful Christmas period. The placing pushed the shares down 25p on the day to 575p.

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# Abbey board reject French Kier offer

By Frank Kane

The £20m offer from French Kier Holdings for Dublin-based construction group Abbey, already supported by 36.4 per cent of Abbey's shareholders, has met with the near-unanimous rejection of the Irish company's board of directors.

Mr Charles Gallagher, chairman of Abbey and controller of nearly 30 per cent through his family-controlled Gallagher Holdings, said yesterday that the offer was "totally inadequate," and strongly advised remaining holders to take no action. In response to Kier's invitation last Monday to talks on the offer, Mr Gallagher said, "There is nothing to talk about. We do not want to sell at all."

The cash and paper offer values Abbey at around 83p per share, with a 80p per share cash alternative. The company's shares, which are quoted in London, closed last night at 95p, up 3p.

Mr Alan Frettsome, French Kier's chief executive, said that the response was disappointing. "We had been hoping at least to get the opportunity to talk to them," he added.

But he refused to regard the chairman's large stake as an insurmountable hurdle. Kier was prepared to go unconditional at 50 per cent, he said, and the formal offer document would be posted to Abbey shareholders as early as next week.

French Kier's bid appears to have been stalled by a long-running and at times acrimonious dispute within the Gallagher family. The 34.6 per cent already pledged are controlled by Charles' brother, Mr Patrick Gallagher, and his son, Mr Seamus Gallagher—the only dissenting member to the board's rejection.

The approximate 33 per cent outside the family hands are with Irish institutional holders and small investors.

# Bromsgrove considers acquisitions

Bromsgrove Industries would commit itself to growth through acquisitions and there were matters under consideration, said Mr J. M. L. Ormerod, the chairman, at the annual meeting.

He said that himself and Mr H. F. Kimberley, the managing director, who own 47 per cent of the shares combined, had no objection to further share issues to fund acquisitions despite a possible material dilution of their holding.

He was encouraged by the performance in the first half of the year and said that Mr Geoffrey Allman, a senior partner in Pepper Rudland and a partner in Stoy Hayward, had been invited to join the board.

# Investment costs have the expected impact on NMW

A LARGE investment in a range of new services within a concentrated two-year period, have had the expected impact on the first half results at NMW Computers, which provides accounting services and talisman facilities.

Pre-tax profits fell from £847,000 to £708,000 in the six months to June 30 1985, but turnover moved ahead from £2.58m to £3.17m.

NMW has continued its major programme of development in readiness for the deregulation of the securities industry, and the opportunities brought about by the changes in the industry have necessitated the large investment.

The development programme is proceeding and will make a contribution in the second half of this year, says Mr E. B. Bibby, the chairman.

The company's preparations with Citicorp to form a jointly owned company are proceeding to plan. It anticipates the new organisation becoming an independent clearing member of the London Stock Exchange, acting as a settlement and dealing agent for member firms.

Mr Bibby says he looks forward to the company's new systems being in place before deregulation next autumn, and to a continued high level of sales as the demands for increased efficiency are generated in the new trading environment.

Commenting on the acquisition, 12 months ago, of Timon, he says its products are being developed ahead of schedule. The effect of the race to develop new systems before deregulation has produced a loss during the first six months of this year.

Projected sales are very promising, however, and should ensure that Timon will become profitable in the second half.

Group trading profits in the opening half were down from £785,000 to £674,000. Net interest receivable was £44,000 against £62,000. UK tax was unchanged at £297,000, and after dividends of £135,000 (same), retained profits were lower at £276,000 against £415,000.

The interim dividend is raised from an adjusted 2.1p to 2.5p, and stated earnings per 25p share of this USM company were down from 10.2p to 7.6p.

## ● comment

The downturn in profits from NMW Computers should set none of the alarm bells ringing that have been rightly triggered by the poor results of other companies in the sector. Realising this, the market reversed its initial gesture that wiped 15p off the share price, and the shares closed little changed at 250p. The drop in profits was the result of higher expenditure that is essential if the firm is to flourish after Big Bang. Preparations seem to be running smoothly—progress is being made on a joint venture with Citicorp to become a clearing member of the Stock Exchange, while about £500,000 has been invested in NMW's existing bureau business to equip it with more services and extra capacity to cope with a projected increase in Stock Exchange volumes. Losses made by Timon in the first six months reflected the costs of developing an investment management system, for which expected sales in the second half should bring this newly acquired part of the business into profit by year-end. However, it will not be until 1986 and beyond that the real rewards from all this investment will start to shine through, and in the meantime the shares seem fairly valued on a prospective PE/ of 15 based on profits this year of £1.5m and a tax rate of 41 per cent.

# S. W. Farmer £0.3m in red but sees improvement

LOSSES OF £294,000 have been suffered by S. W. Farmer Group for the six months to June 30 1985, compared with a £16,000 pre-tax profit. The results show an underlying improvement, however, Mr Brian Farmer, the chairman, says. Second half losses in 1984 totalled £1.51m.

The group, which has interests in structural engineering, fabricators and plant hire, has strengthened its management team during the period. It has also reviewed and improved financial controls, and stemmed losses from a number of older loss-making contracts. Parts of the business have returned to profitability and the areas of difficulty have been contained, the chairman says.

The dircetors regard the present performance as unsatisfactory, he adds, but they consiedr tht the worst problmes may be over and view the future with more confidence. He expects 1985 to be a year of consolidation, and there are already indications of improved business for 1986.

Fro this half group turnover was little changed at £8.36m. There was a £1,000 loss from the associated companies.

After no tax charge (£8,000) and a £160,000 (£6,000) extraordinary debit, attributable losses were £454,000 against a £2,000 profit last time.

Losses per share, before extraordinary item, were 11.6p against earnings of 32p, and losses after were 17.97p (0.08p). There is no interim dividend. (3.1p).

# de Savary reduces his Lincroft stake

Mr Jeffrey Steiner, a U.S. arbitrageur, has lifted his stake in Lincroft Kilgour, the Savile Row tailor which last year fought off a bid from John Finlan, the construction group, to 24.64 per cent.

Arbory Enterprises SA, controlled by Mr Steiner, has purchased 368,000 Lincroft shares (8.05 per cent) from the financier and yachtsman Mr Peter de Savary, at 185p per share. Lincroft closed yesterday unchanged at 172p.

Mr Steiner, who also controls Cedeo Holdings, a Bermuda company, which owns 758,117 shares (16.59 per cent) in Lincroft, has accepted an offer to join the Lincroft board.

Mr de Savary's holding is reduced to 355,883 shares (7.79 per cent).

Another shareholder in Lincroft is Skylark, a Panama-registered company with 14.9 per cent.

## BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims:—Alfa-Laval, Bruntons (Musselburgh), Equity and General, Higgs and Hill, Holt Lloyd International, Johnston Group, Portland, Schroder Money Funds, Slaters Food Products.

Finals:—Sanderson Murray and Elder, William Sinclair.

FUTURE DATES

| | |
|---|---|
| Interims:— | |
| Helene of London | Oct 16 |
| London and Northern | Oct 23 |
| PSM International | Oct 15 |
| United Parcels | Oct 16 |
| Finals:— | |
| Attwoods | Oct 14 |
| Audio Fidelity | Oct 17 |
| Blue Bird Confectionery | Oct 17 |
| Cramphorn | Nov 4 |
| Prestwick | Oct 23 |

# UK COMPANY NEWS

## Sears up despite 21% footwear fall

Sears, the UK's largest retailer in terms of outlets, yesterday reported a mixed bag of interim results from its diverse range of High Street operations.

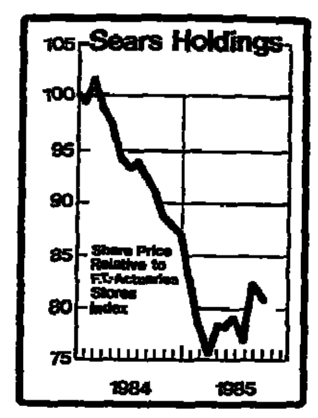
Footwear, which usually earns half the group profits, suffered a sharp downturn but gains elsewhere enabled the group overall to show a 10 per cent advance in taxable profits from £62m to £68.3m. Turnover for the six months to end-July 1985 rose from £945m to £1.08bn.

Earnings per share were higher at 2.8p (2.6p) and the interim dividend is being raised by 0.1p to 0.9p.

"Unseasonable summer weather in the UK and also the continued weakness in retail margins in the U.S.," were principally behind a 21 per cent fall to £23.8m in footwear trading profits, says Mr Geoffrey Maitland Smith, the chairman.

Footwear operations are made up of the British Shoe Corporation, Freeman Hardy & Willis, True Form, Manfield, Saxone, Lilley & Skinner, Dolcis, and Roland Cartier.

The footwear downturn was comfortably offset by department stores, multiple fashion and other retailing outlets which more than doubled profits from £10.1m to £20.5m.




"Our department stores and multiple fashion activities achieved excellent results with Selfridges and Lewis's benefiting especially from our capital expenditure programmes and improved merchandise policies," says the chairman.

Foster Brothers Clothing, the High Street menswear chain which Sears acquired earlier in the year, is "proving a success. I am confident that it will make an increasing contribution to profits in the future," he says. Other Sears stores encompass Olympus Sportswear, Mappin & Webb, and Garrard & Co.

Motor vehicle sales and services operations returned lower profits of £4.5m, although the corresponding figure of £5m included £1m in respect of the vehicle delivery business which was sold in August 1984.

Licensed betting offices, taking in the William Hill chain, notched up a £2.6m gain to £8.1m and property development and investment activities returned a higher £9.1m against £7.4m. Engineering contributed an unchanged £1m.

Group pre-tax profits included associate contributions of £1.5m (£1.4m) and were struck after more than trebled interest costs of £3.6m (£1.1m).

On prospects, the chairman says the start of trading in the second half has been patchy due to the continued unseasonable weather. "However, the early introduction of our autumn merchandise resulted in a welcome increase in trade."

Mr Geoffrey Maitland Smith, the chairman

He adds: "Provided that levels of consumer spending are firm in the last three months of the year, a satisfactory improvement in profits of the year as a whole can be anticipated."

See Lex

## Imps not to join in bid for Allied Lyons

By Martin Dickson

Imperial Group, the tobacco and brewing conglomerate, said yesterday that it had decided not to join the consortium which Elders IXL is trying to form to mount a bid for Allied-Lyons, the large British food and drinks company.

Discussions between Imperial and Elders, an Australian brewing and trading group, were believed to have gone as far as talks on the price Imperial might have been willing to pay to acquire Allied's wine and spirits division.

However, Imperial's figure—which would have taken into account the problems of mounting a consortium bid—was evidently not attractive to the Elders camp.

Hill Samuel, the merchant bank acting for Elders, yesterday declined to comment on the discussions. "We said all along that we were talking to more than one party," the bank said. "The fact that one has dropped out is of no enormous significance."

The Takeover Panel has given Elders until October 17 to make a firm statement of its intentions towards Allied. However, it is not clear how closely it will be kept to this, following suggestions from Mr John Elliott, Elders' chairman, that he might be able to make an offer by October 21 or 22. The word from the Elders camp yesterday was that some announcement might be made as early as next week.

Imperial announced it was considering an invitation to join the consortium on September 26—just 24 hours after it had reached agreement to sell Howard Johnson, its troubled U.S. hotels and restaurant business, to Marriott, the American hotels chain, for $314m.

Imperial, which could be a takeover target itself following the Howard Johnson disposal, is looking for fresh acquisitions and was initially thought most likely to be interested in Allied's food division, J. Lyons.

However, after an examination of the business, its attention apparently switched to Allied's wine and spirits division, with a view to it complementing Imperial's Courage brewing interests.

## Christies slips to £7m but activity stays high

COMPARED with £7.49m last time, out of a record £16.23m for the full year, interim taxable profits of Christies International, fine art and philatelic auctioneering concern, slipped to £7.13m although directors are confident the group will give a good account of itself in the remainder of 1985.

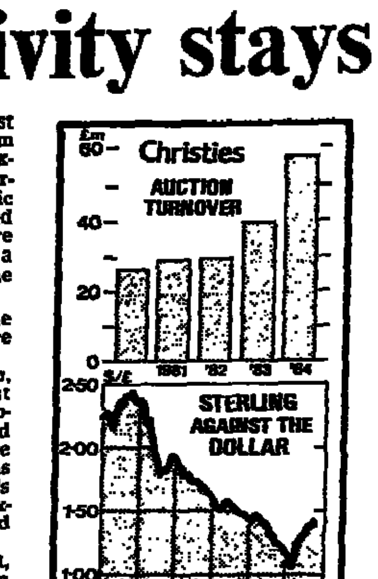
They add, however, that the exceptional levels of 1984 are unlikely to be achieved.

Mr J. A. Floyd, chairman, said in his annual review last April that 1984 was "an exceptional year," including as it did the £21m Chatsworth sale in the second half, but that he was confident with both the group's emphasis on services and its expertise results for 1985 would be satisfactory.

He says in his interim report, to June 30 1985, that activity in the international art market remains high and the group has a number of significant sales arranged for the new season, including a "highly important" inaugural sale in Monaco in December.

After tax of £3.76m (£4.12m) and on capital increased by April's one-for-one scrip issue, earnings are given as 8.06p (8.12p). The interim dividend is, in effect, maintained at 1.5p — last year's adjusted final payment was 4p.

The directors explain that, following advice from group auditors, the method of translating overseas results into sterling has been changed. These are now translated on an average exchange rate basis weighted by the incidence of sales in each month. The effect of this on both 1984 and 1985 interim results is not material, but for the whole of 1984 the effect is to reduce the pre-tax figure by £1m and earnings per share by 2.17p. Accordingly both the interim and full-year 1984 results have been restated.




Group auction sales totalled £187m for the six months, against £156m, while turnover was £31.6m (£28.12m). After auction and print costs, £13.91m (£12.31m) and administrative expenses, £11m (£8.75m), operating profits came through behind at £6.68m, compared with £7.06m.

After the tax figure, minorities £74,000 (£47,000) and dividends of £614,000 (same), the retained balance came out little changed at £2.68m, against £2.71m.

As known the group launched, on the Unlisted Securities Market, CCA Galleries, formerly Christies Publications. The directors say they believed that to maintain its momentum this company should develop a separate identity away from Christies. As a result of the July issue the group reduced its holding from 55 per cent to 35 per cent while the profit on the investment will be included in the year-end accounts.

Directors have completed the purchase of the head lease on the saleroom and headquarters at 8 King Street, London, which it has occupied since 1823, for £2.5m cash from Commercial Union.

The purchase completes Christies property portfolio securing the principal UK saleroom and follows closely on the acquisition of additional premises in New York.

The directors point out that both transactions, totalling £9.1m, were financed out of internal resources.

See Lex

## Investment costs hit Procter

Procter & Gamble, the UK subsidiary of the U.S. detergents and allied products group, primarily blames a positive investment programme for a 6.5 per cent fall in operating profits for the 1984-85 year.

Turnover for the 12 months to June 30 expanded by 16.6 per cent from £365.2m to £425.7m but operaing profits emerged £1m lower at £14.2m. And after higher interest costs of £2m (£1.4m) the taxable result came out £1.6m down at £12.2m.

Net profits also emerged lower at £9.9m (£14.2m), reflecting not only the reduction in operating profit but also the resumption of a tax liability as opposed to tax credits in prior years.

Although the year saw the effect of the expansion of Vortex bleach and Dreft Automatic detergent, most of the turnover increase arose from established brands.

The directors say that on the investment side improvements have been made on many established brands, "which have been carried out despite cost escalation caused by the falling pound and major rises in the costs of some commodities such as oils and fats."

In addition to these product improvements during the year, Procter has funded the first year's investment in Vortex, opened test markets for two new brands, and increased the rate of investment in new capital equipment to improve product quality, costs and productivity.

## Comcap surges 46% midway

Comcap, supplier of IBM computer equipment, has pushed taxable profits up by 46 per cent to £1.53m for the first six months of 1985, while shareholders are rewarded with an increase in the interim dividend from 0.4p to 0.6p.

The directors say that demand for the group's wide range of services on all IBM equipment, and its increasing market penetration, were responsible for a substantial rise in business activity throughout group operations — turnover virtually doubled from £12.37m to £24.44m.

Directors have every confidence in the continued growth during the traditionally more active second half of the year.

They believe that the best trading and financial opportunities are to be derived from the leasing of medium range central processing units and peripheral equipment, although the group's brokerage activities in new and second user equipment "remain an essential part of our service."

Profits for the interim period were after interest payable of £421,000, against £131,000. There was a tax credit of £54,000 (£194,000 charge), and after minorities £68,000 (£26,000), attributable profits came through ahead from £827,000 to £1.51m.

Earnings per share are given as 8.88p, compared with 5.69p.

Group has maintained a broad geographical spread with more than two thirds of business being generated outside the UK, enabling the group to capitalise on the differing market opportunities in Europe.

In the UK, the high level of activity experienced in the first quarter, stimulated by the progressive reduction of first year tax allowances, has continued into the second half of the year, directors state.

The success of the group's leasing business has added £17m to portfolio of equipment which now totals £70m.

The remarketing of the portfolio will add a small amount to profit in 1985 and, as previously indicated, will begin to make a significant contribution in 1986. At June 30 1985, the potential future profit resulting from this source over the next five years is currently estimated by the directors to be £7m, an increase of £2m since December 31 last.

The directors consider that in the light of current and anticipated levels of capital expenditure the previous provision for deferred taxation can be reduced by £232,000 giving a net credit for the period of £54,000.

The group continues to generate a strong positive cash flow from its brokerage and arranged and finance lease business.

The group's recent acquisition, CMA Data A/S, a company based in Denmark which specialises in the provision of data services and software development, has been successfully integrated into the group.

● **comment**

Comcap's involvement with the currently out-of-favour electronics sector has seen its share price sag from 265p at the time of its final results last March, but the continuation of its explosive profits growth revealed in yesterday's figures gave the shares a 5p leg up to 223p. Whatever may be happening to IBM and the other computer manufacturers, Comcap's market is growing strongly: the demand for data processing is doubling every few years and lessors of computers and peripherals are the beneficiaries. This year at least £4m is in sight, putting the shares on a prospective p/e ratio of 11 after a zero tax charge. The rating looks a little miserly in view of the performance, probably reflecting nervousness over the sector generally and fears that IBM's own leasing operations will pull the mat from under Comcap's feet. The fears look overdone, at least in the short term.

## High interest hits Grosvenor

A SUBSTANTIAL improvement in operating profit achieved by the Grosvenor Group, the electrical, electronics and engineering combine, in the year ended June 30 1985 has been outstripped by increases in trading loss from discontinued operations and interest charges.

This leaves the pre-tax profit for the year at £1.06m, a drop of £5,000. This is aggravated by extraordinary charges of £708,000 which means only a £48,000 net profit attributable to shareholders, against £768,000; the dividend is, however, being maintained at 5.75p

Turnover in the year moved up by some £10m to £33.78m, with electrical accounting for £20.36m (£11.18m), engineering £12.05m (£8.67m), industrial property development £245,000 (£630,000) and discontinued operations £1.12m (£3.16m).

The operating profit came to £2.2-m (£1.55m) and comprised electrical £1.11m (£924,000) after a £471,000 loss sustained by Cera, engineering £1.05m (£524,000), and property £45,000 (£101,000). Interest charges are up to £855,000 (£308,000) mainly as a result of financing capital expenditure for further development at Floform and Lock, and the discontinued operations at Metrel accounted for a loss of £306,000 (£180,000).

After tax £187,000 (£219,000) and minorities £116,000 (£75,000), the net profit for the year comes through at £756,000 (£770,000) for earnings of 12.12p (14.36p) per share.

The extraordinary charge represents £752,000 relating to the closure of the manufacturing and trading operations at Hitchin of Metrel, which includes redundancy payments and the write down of plant and stock to net realisable values, less £44,000 surplus arising on the liquidation of a former subsidiary.

Floform and Lock performed ahead of expectations, while Backer, RPI, Ensel and Peercrown were on target. Cera is up for sale and talks are taking place with a number of prospective buyers, including Cera's own management. The hoped for price would be around asset value—about £400,000. Weigh-Count's results were disappointing and changes in the management structure have been made.

Past trading has been seasonally biased towards the second half. This will be more pronounced this year as benefits from Backer's increased market share and new business expected from the substantial capital investment programmes will come into the second half.

● **comment**

This mediocre set of results from Grosvenor Group demonstrates that running a Hanson Trust in miniature is nothing like as easy as the company's management had envisaged when Grosvenor was re-born and re-christened three years ago. Of its eight major constituent companies, two have turned out to be major problems; one of which, Metrel, seems to have been solved, but at a total cost of over £1m. The other, Cera, has led Grosvenor to the sorry conclusion that it simply does not understand the capital goods industry, and is now looking for a buyer for that company. The effect of these difficulties has been to push gearing to about 100 per cent, a ratio which the company plans to reduce via an improved trading performance. That would be a safer bet if all its satellites were as profitable as Lock and Floform, which accounted for most of the improvment in trading profits as presented. However, the other companies are doing less well, and the latest acquisition, Weigh Count, is making disappointingly large losses, so that a new management team has belatedly been hired in an attempt to improve matters. With the shares at 110p, a historic p/e of 9 suggests that the market does not believe that all may shortly come right.



## L & C Advertising jumps to £1.4m at mid-term

FIRST HALF 1985 profit from London and Continental Advertising Holdings has expanded to £1.4m from turnover of £13.43m, and chairman Mr John Golfar views the current six months with confidence. Demand for the group's wide range of advertising services is buoyant, he says.

The results include a full six months' of the acquired London & Provincial Poster Group, where reorganisation (still in progress) has resulted in substantial improvements in its turnover, profitability and market share. The comparable profit was £435,000 from turnover of £3.52m and included only one month from London & Provincial. Fo rthe full year the group turned in £1.62m.

Earnings are shown at 3.48p (3p) per share and interim dividends are initiated with a payment of 0.75p. And it is intended to raise the total dividend above last year's 1.6p.

Mr Golfar says the group continues to enjoy good results from the showcase and publishing interests, where both turnover and profits are well above last year. Arena Sports and Hill Mason, purchased as part of London & Provincial, also traded strongly.

Progress has been made with plans to maximise the income potential of London & Provincial's property portfolio, and an increasing flow of revenue is expected. Paddington Posters is performing well.

After tax £582,000 (£207,000) the half year's net profit worked through at £830,000 (£228,000). There are extraordinary charges of £311,000 which take in reorganisation costs at London & Provincial.

The directors are considering the possible methods of reducing or eliminating goodwill, which was over £5m in the last balance sheet.

## Silkolene down 24% to £0.44m

Silkolene Lubrcants, manufacturer and distributor of petroleum products, blames the miners' strike and further big increases in the price of raw materials as a result of the strength of the dollar for a 24 per cent reduction in pre-tax profits to £441,000 in the six months to June 29 against £580,000 last time.

But with the end of the strike and raw material prices easing because of the strength of the pound profitability is recovering, say the directors, and they are confident that results for the second-half will show an improvement on those for the first-half and the second-half of last year.

The interim dividend is maintained at 3p. Turnover increased from £12.61m to £13.46m. Tax took £176,000 (£174,000), giving attributable profits of £265,000 (£406,000). Earnings a share were 6.3p (9.6p).

## Mitchell Cotts £1m purchase

By Charles Batchelor

Mitchell Cotts, the international engineering, transport and trading group, has bought the assets and goodwill of Howard Tenens Engines, a remanufacturer of used vehicle engines, for about £1m.

Tenens was a profitable part of Espley Trust, the property group formerly run by Mr Ron Shuck which went into receivership last April.

The addition of the Tenens business to Mitchell Cotts Precision Engineering of Weston-super-Mare will make the Mitchell Cotts group the largest refurbisher of engine and transmission units in the UK.

Tenens is based in Swindon and employs 250 people producing annual turnover of about £6m



## Lawtex profits doubled on interim sales 18% higher

ON SALES 18 per cent higher, from £16.86m to £19.9m, Lawtex, the Oldham-based manufacturer of clothing, umbrellas and allied products, reports pre-tax profits more than doubled at £407,668 against £183,651, for the year to June 29 1985. The pre-tax figure was after interest charges up from £265,421 to £352,424.

The directors say the improvement in profits resulted from increased sales and better operating margins, but higher interest rates and turbulence in foreign exchange rates were adverse influences.

The total dividend is increased from 1.5p to 3p with a final up from 0.75p to 1.5p. Total dividends will absorb £60,000 and the tax charge of £25,714 represents ACT on the year's dividends.

Further investment in capacity and technology for further development is reported by the directors. The Glasgow unit has been moved into a new 40,000 sq ft factory, and the small but expanding engineering development company has also moved to larger premises.

These investments indicate the board's confidence in the future of the group, but it warns that, in the short-term, additional expense will be involved and some of the benefits will not be apparent during the current financial year.

A one-for-one scrip issue is proposed.

## Peek Holdings falls £0.3m into the red

A downturn in animal feed handling has contributed to a £285,000 pre-tax loss suffered by Peek Holdings in the six months to end-June 1985. In the comparable period a £51,000 profit was achieved.

The directors of this group, which stores and handles grain, animal foods and scrap metal, say the poor result also includes £94,809 directly ascribable to registered dock workers' "fall back" pay.

Turnover fell by £1m to £1.19m, and an operating loss of £263,000 was incurred, against a £58,000 profit. There was no rates refund this time (£12,000), and interest charges were slightly higher at £22,000 (£19,000).

After a tax credit of £46,000 (£24,000 charge) losses per 7p share were 2.7p against earnings of 0.3p.

## Lee controls Shepperton

Lee International, the film and television services company which is planning to come to the Stock Market in the next few months, has been given full control of Shepperton film studios by the Government.

Lee bought Shepperton last year but the Government retained ultimate control of the studio's fate through a special "golden share." It has now decided to hand this over to Lee, which has undertaken in return to provide finance for the redevelopment and extension of the studios.



## Fothergill rises 12% but margins under pressure

Fothergill & Harvey increased interim profits by nearly 12 per cent in spite of an erosion of margins in all its businesses.

The taxable result, up from £1.26m to £1.4m, was attained on turnover up by 17.6 per cent from £14.51m to £17.06m. Margins were most affected in the electrical insulation and advanced materials businesses with resultant lower profit contributions, says Mr L. Stevens, chairman.

However, engineering fabrics' sales progress was sufficient to overcome some easing of margins and yield an increase in profit contribution.

Overall, he says, "we have not escaped the generally reported downturn in order intake but with our efforts directed primarily to speciality materials some continuation of profit improvement is expected."

The interim dividend for the six months to June 29 1985 is held at 2.75p. Earnings per share improved from 5.64p to 6.82p after tax of £547,000 (£552,000).

Taxable profits included associate profits of £76,000 (losses £85,000) and were struck after interest charges of £87,000 (credits £12,000).

### DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Bowthorpe Holdings int | 2.33 | Dec 9 | 2.07 | — | 5.48 |
| Bristol Stadium ............ | 1.2 | Nov 12 | 1 | 1.2 | 1 |
| Caparo Ind§ ............int | 0.75 | Nov 25 | 0.75 | — | 1.65 |
| Christies ..............int | 1.5 | Nov 26 | 1.5* | — | 5.5* |
| Comcap ..................int | 0.6 | Dec 13 | 0.4 | — | 1 |
| S. W. Farmer .........int | nil | — | 3.1 | — | 3.1 |
| Fothergill & Harvey int | 2.75 | Dec 2 | 2.75 | — | 8.25 |
| Grosvener Gp ............ | 3.5 | Jan 6 | 3.5 | 5.75 | 5.75 |
| Lawtex ...................... | 1.5 | Jan 2 | 0.75 | 3 | 1.5 |
| Ldn & Continental ...int | 0.75† | — | — | — | 1.6 |
| London and Ed. int. | 3 | Jan 6 | 2.5 | — | 6.25 |
| NMW Computers‡ ...int | 2.5 | Nov 15 | 2.1* | — | 5* |
| Sears .......................int | 0.9 | Dec 9 | 0.8 | — | 3 |
| Silkolene Lub .........int | 3 | — | 3 | — | 9 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

## Hunter recovery continues

Hunter, furniture manufacturer and importer and distributor of plywood, continued its recovery in the six months to June 30 by more than doubling pre-tax profits to £497,000 against £202,000 last time.

The improvement in operating profits, up from £344,000 to £702,000, is due to the final elimination of all loss-making activities in contract and domestic furniture manufacturing and the continuing growth of Hunter Plywood's DIY distribution business, the directors state.

Progress since June 30 has been encouraging, they say, although the remaining domestic reproduction furniture manufacturer, Beresford and Hicks, is still operating in difficult market conditions.

However, the directors hope that Hunter Plywood's continued development, and the group's diversification into property in the first-half, will enable satisfactory progress for the full-year.

If such progress is made, the directors expect to declare a dividend of not less than 2.5p per 10p share for the year. There is no interim dividend. The last dividend was paid on July 1 1980.

Turnover grew marginally from £13.12m to £13.58m. Net interest payable was £205,000 (£142,000). Tax took £183,000 (nil) but there were no extraordinary debits against £33,000.

## BUSINESS LAW

# Disputes: the other way

By A. H. HERMANN, Legal Correspondent

**This is the concluding article in a two-week series on the resolution of business disputes**

"THE FIRST thing we do," said Dick the Butcher, "let's kill all the lawyers."* This is obviously a counsel of despair with which one need not agree, not entirely anyhow. There is some hope that lawyers can be re-educated, at least some of them. The first point of the re-education programme should be that for most people justice matters more than law. And the second point is that when it comes to justice, money does matter. As Lord Devlin said: "The trouble at the root of our legal system is that we have allowed it to grow up in an atmosphere in which, where justice is concerned, money is hardly an object."

The cost of litigation in the UK is such that most people are frightened of the judicial system—and the cost of arbitration is sometimes even greater. And it is even worse in the U.S. Judicial statistics reveal that the proportion of actions settled before they come to trial is rapidly growing.

In a minority of cases, the settlement is brought about by genuine agreement. In most cases, the fear of the enormous costs of the trial obliges the financially weaker party to give up. This is a very unsatisfactory solution which has nothing to do with the pursuit of justice.

A reaction against the mounting cost of litigation and arbitration — sometimes greater than the award to the winning party — leads to a proliferation of non-judicial methods of dispute resolution.† All sorts of UK complaints procedures fall into this category. Some are operated by trade or professional organisation — the Insurance Ombudsman Bureau and the Banking Ombudsman, for example. If you think your solicitor's bill is bigger than it should be, you can ask him — within a month — to obtain a Law Society remuneration certificate, and if you are still dissatisfied, you can go further and ask for taxation of the costs by the court, if these are related to litigation.

There is also a proliferation of independent, quasi-judicial dispute determinators, often operating in a two-instance system. Thus, trading standards officers can refer serious consumer complaints to the Office of Fair Trading; the Lay Observer supervises and reports on the way the Law Society deals with complaints against solicitors; there are the Local Administration Commissioners to be approached through local councillors and the Parliamentary Ombudsman to be approached through Members of Parliament in his capacity of Commissioner for Administration and directly when he wears the hat of the Health Service Commissioner.

All these and many other complaints and arbitration schemes serve the consumer or private individual facing a big trading organisation, a profession or a government department. However, there is a remarkable lack of quick and cost-efficient methods of resolving disputes between businessmen. Conciliation is still a dirty word for most English lawyers and the conciliation procedure made available by the Chartered Institute of Arbitrators is rarely used.

This contrasts sharply with the U.S. attitude expressed by Robert Coulson, president of the American Arbitration Association: "The process of managing business disputes has changed. Business executives no longer think of controversies as discrete adversarial transactions. Every disagreement with an outside entity resonates throughout the corporate structure, sending pangs of apprehension through the various levels of the organisation and to its constituents." The association has adopted a much broader objective than European arbitrators. It is its policy to encourage not only arbitration but also negotiation, mediation, conciliation and other procedures of dispute resolution which are now emerging.

A conciliator does not resolve the dispute by a binding and enforceable decision as an arbitrator does, but by helping the parties to agree — and their agreement is, of course, binding and enforceable as any other contract. Conciliation can, and often does, proceed without formality, but the parties can also adopt rules formulated for this purpose by several institutions. These include the conciliation rules of the International Chamber of Commerce (last revised in 1980) of the UN Commission for International Trade Law (Uncitral), published in 1981 and of the International Centre for Settlement of Investment Disputes, published in January 1985.

A pre-trial or a pre-hearing *conference called to determine* what is common ground between the parties and to define the disputed issues can sometimes lead to conciliation and U.S. judges are known sometimes to take an informal and beneficial initiative towards that end. In Europe both judges and arbitrators have to be more careful not to get involved to a point which would make them seem biased in favour of a solution which they had suggested in their effort to help the parties to settle their dispute.

Some of the new schemes are derived from old-established "adjudication" functions of the architect or consulting engineers. Independent teams consisting of technical experts, arbitrators and lawyers offer their services extending from contract management, fact finding, conciliation to arbitration producing binding awards. One of such new organisations is Polycon Endispute Management Services, whose founder, Ron Baden Hellard, claims: "We resist lawyers' strong inclination to treat arbitrators as High Court judges, which they are not, and seek the just resolution of disputes as one businessman helping another."

To reduce the legal costs of U.S. corporations — estimated at $80bn a year — the Federal Bar Council has devised a scheme to eliminate or reduce the burden of discovery and of other pre-trial procedures. The parties using the scheme agree on an experienced trial lawyer to serve either as "special counsel," a mediator in effect, or as "adjudicator" making an award on the merits of the case. They agree further on a fixed time schedule and on the fee to be paid to the lawyer. Whether acting as special counsel or as adjudicator, the lawyer appointed by the parties has complete control over the procedure, and it is understood that he will not adopt the conventional U.S. adversary procedure with their discovery clashes and numerous interlocutory motions and other diversions.

Consultation and contract re-negotiating, old established methods of dispute resolution between reasonable people, are becoming unavoidable and more structured to respond to the requirements of high finnace and of big business. They can succeed where litigation and arbitration are bound to fail because neither the judge nor the arbitrator can rewrite the contract to meet new developments and unforeseen circumstances. "Renegotiation" is the word when defaults of sovereign borrowers have to be papered over, "consultation" when the International Monetary Fund and the World Bank step in.

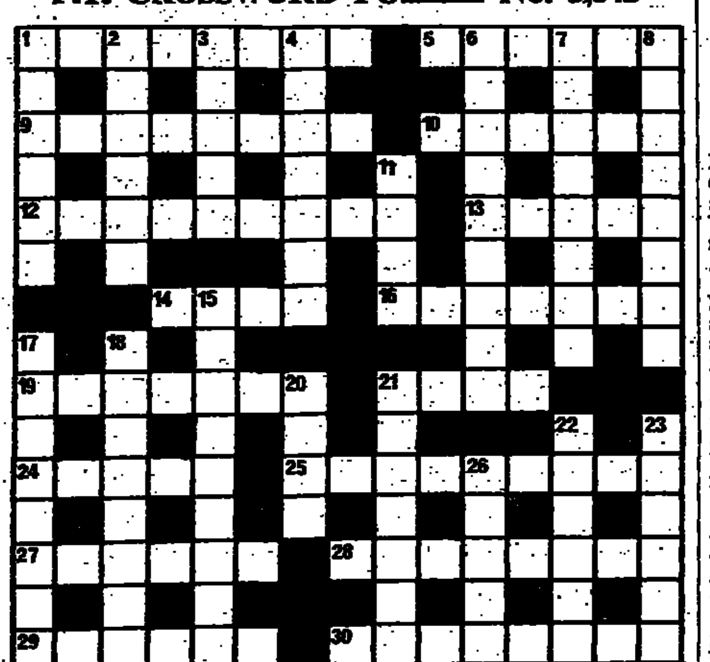
On a less august level, we have now the "mini-trial"—a misnomer, as it is no trial but a carefully prepared session designed to clarify the claims and possibilities of the parties and to arrive at a solution which would not harm an ongoing business relationship. It can be strictly "off the record" and "without prejudice" to any future litigation or arbitration; or parties can agree that certain disclosures or partial agreements can be carried forward to the next stage. It may be that a party which rejects the chairman's recommendations will have to pay the costs of subsequent litigation unless it thereby obtains a substantially better result.

Though the scheme is of U.S. origin, the Zurich Chamber of Commerce has also introduced a "mini-trial" designed for international commercial disputes. A panel consisting of two senior corporate officers of the disputant concerns and a neutral chairman of equivalent standing hears the issues and aims to achieve a settlement. Written submission are limited to 25 typed pages and time limits of 30 days are imposed. Lawyers are not discouraged. If no agreed settlement is reached by the deadline, the panel submits a settlement recommendation, unanimous if possible, otherwise from the chairman.

The mini-trial can be often a faster procedure than suggested by the Zurich scheme —it can be concentrated into one or two days, during which executives of the parties in dispute hear, often for the first time, what the real issues are and how they appear to the other side. There is time for only brief oral submissions by lawyers, a free-for-all question session and the chairman's estimate of the probable outcome, duration and costs of litigation. And after a lunch, taken by the two parties and their advisers separately, an agreement — or so one must hope.

* Henry VI, Part 2.

## F.T. CROSSWORD PUZZLE No. 5,842



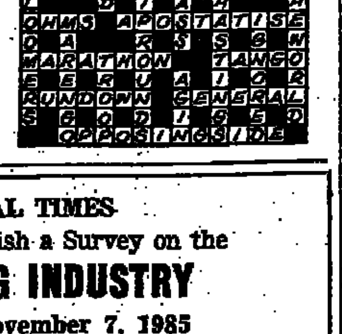
**ACROSS**

1 Bill living in rectitude (8)
5 He looks as though he hasn't washed the back of the neck (6)
9 MP's excuse for absence is weakened (8)
10 Fuss about the French in a Spanish city (6)
12 One of those animal-crackers? (9)
13 ... sedentary occupation ...
14 Scraps for horses (4)
16 He needs a regular supply of drugs to keep going (7)
19 His initial confusion was amusing (7)
21 Sound sense of position (4)
24 ... (5)
25 Deficiency that should break no bones (9)
27 He has absolute control of the French drug (6)
28 Where prompt action is requested (3-5)
29 Is unusually hard on the outside, but edible (6)
30 Building Elsie and Ida regard as perfect (8)

**DOWN**

1 Settle on a clue (6)
2 Saucy antics? (6)
3 Produce straight lines, say (5)
4 Places where children may go between two and five (7)
6 Eye-lines (5-4)
7 Suited to change, knowing what it's like (4, 2, 2)
8 Additional information an organist might provide (8)
11 Great work from the picador (4)
15 Un sou coin for nil damages (9)
17 One naturally separated from the rest of humanity (8)
18 Even agitato passage may be so written! (8)
20 Speed of light (4)
21 Showed no respect and ate greedily (7)
22 I'm unforunately upset by highly spiced foreign food (6)
23 Strip of property, perhaps (6)
26 She's a vessel in the drink (5)

**Solution to puzzle No. 5,841**






# Making the most of the charms of mint

**GARDENS TODAY**

**Robin Lane Fox**

I HAVE never seen the charm of herb gardens. Most herbs strike me as coarse and useless. Who really wants woad in a flower bed unless they have Anglo-Saxon pretensions?

Herbs have a nasty habit of being short-lived or inerradicable so that herb beds end up as a mixture of gaps and small jungles.

People fall for their evocative names and then regret them. Lovage is the worst culprit. It secretes an acid oil which somebody once tried to market as a test for lime in drinking water.

Lovage's market did not survive the arrival of fluoride. It then transferred its name to a commercial drink, now forgotten.

My bible of the unusable properties of herbs is the Modern Herbal of Mrs Grieve. Published in 1931, it is unsurpassed in its range of useless information

"The public house cordial named Lovage was formerly much in vogue," she tells me, "but it owed such virtue as it may have possessed to Tansy."

Say no more. Tansy has no virtue; it is a coarse plant which used to make beastly cakes for prizes at village shows. Horses and goats refused to touch it.

There is one shining exception to these complaints and at this late time of year is still giving me great pleasure.

Even if you hate mint sauce and mint leaves in Pimms, mint is a charming garden plant. Admittedly, it can be invasive. When it has flowered it looks scruffy; it is also prone to rust. Beware of these little weaknesses and then make the most of its charms.

Cut your mint frequently to stop its flowers and encourage the young leaves. Contain the roots in a firm boundary, an old bucket with a hole in the bottom, or a sink beneath a garden wall.

You may well find rust on plants which shops try to sell you: it shows in the little orange dots on the lower stems and the backs of the leaves. The scientific treatment is to cut off the affected stems and prevent the fungus from spreading by spraying the soil with Tumbleblite.

Lift rust-infected roots, clean them and dip them first into a bucket of hot water and then, after 15 minutes, into cold water. Then replant them in a fresh site. Apparently the rust then dies out.

In the past 10 years mint collectors have brought many old varieties back on to the market. There is one villain in the family, the Horsemint, which is recognisable from its long, pointed leaves with soft white backs.

Avoid this tasteless variety at all costs and watch out for the copious half-caste which it fathers on the spearmint. This form is the one we all like in mint sauce, but it is regrettably susceptible to horseplay in an uncontrolled bed.

It crosses freely with Horsemint and loses the toothed edge to its leaf which distinguishes the true spearmint's bloodline. This true variety is the only one to buy.

There are three charming forms for the garden which are useless in the kitchen: the carpets of green Corsican mint, the Water Mint, which smells of caraway seeds, and the white-variegated mint which comes into its own in late July.

For cooks, the freshest form is Bowles's Mint, a tall plant with rounded, felty leaves which reaches 3 ft or more.

Variegated Applemint deserves its name and flavour, and I never tire of the Eau de Cologne Mint which gives such a surprise in cocktails. It does not taste as if the after shave has somehow fallen into the drinks' try. It make a strong mint sauce, classically preferred on pork.

Everybody falls for the idea of growing hardy peppermint but they should remember the best form is the purple-tinted Mentha Piperata which is named the Black Peppermint.

It is as easy as the white form but has a true pungency. Experts often tell us that mints prefer the shade. What they really like is a well-drained soil and frequent division: on heavy clay, they die out after a winter or two when they begin to age.

The white forms sometimes scorch in full sun but I do think the best flavour on the apple and Eau de Cologne varieties comes from plants in warm places. They are not so neat but they are more pungent.

The better mints are garden plants in their own right and we now have a better range than ever with which to flavour the next round of drinks.

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

[illegible]

CONTINUED OVERLEAF

# AUTHORISED UNIT TRUSTS & INSURANCES

## INSURANCES

# INSURANCE, OVERSEAS & MONEY FUNDS

## OFFSHORE AND OVERSEAS

## Money Market Trust Funds

| | Gross | Net | Gr Equiv CAR | Int Cr |
|---|---|---|---|---|
| **The Charities Deposit Fund** 77 London Wall, London EC2N 1DB 01-588 1815 | | | | |
| Deposit | 11.30 | | | 3-Mth |
| **The Money Market Trust** 63 Qn Victoria St, EC4N 4ST 01 236 0952 | | | | |
| Call Fnd | 11.61 | 8.69 | 12.89 | 6mth |
| 7-day Fnd | 11.60 | 8.67 | 12.87 | 6mth |
| **Oppenheimer Money Management Ltd** 66 Cannon St, EC4N 6AE 01 236 1425 | | | | |
| Call Fnd | 11.73 | 8.79 | 12.99 | 6-Mth |
| 7-day Fund | 11.15 | 8.31 | 12.35 | 6-Mth |
| Dollar | 6.69 | – | 6.93 | 6-Mth |
| Money Mngt Acct | 11.00 | 8.23 | 11.74 | 3-Mth |

## Money Market Bank Accounts

| | Gross | Net | Gr Equiv CAR | Int Cr |
|---|---|---|---|---|
| **Adam & Co. plc** 22 Charlotte Sq Edinburgh, EH2 4DF 031-225 8484 | | | | |
| Full Service Car Acc. | 11.25 | 8.00 | 11.93 | Qtr |
| **Aitken Hume** 30 City Road, EC1Y 2AY. 01-638 6070 | | | | |
| Treasury Acc | 11.25 | 8.41 | 12.58 | Qtr |
| Mth Int Chq | 11.125 | 8.32 | 12.56 | Mth |
| **Bank of Scotland** 38 Threadneedle St, EC2P 2EH 01-628 8060 | | | | |
| Money Mkt Cheque Acc | 11.00 | 8.22 | 12.18 | Mth |
| **Barclays Prime Account** PO Box 125, Northampton 0604 252891 | | | | |
| High Int. Cheque | 11.0 | 8.25 | 12.32 | Qtr |
| **Britannia Investment Services Ltd.** 29 Finsbury Circus, EC2M 5QL 01-588 2777 | | | | |
| Cater Allen | 11.13 | 8.34 | 12.34 | Mth |
| **Charterhouse Japhet plc** 1 Paternoster Row, EC4M 7DH. 01-248 3999 | | | | |
| Sterling | 11.13 | 8.32 | 12.34 | Mth |
| U.S. Dollar | 7.25 | 7.25 | 7.50 | Mth |
| German Marks | 4.25 | 4.25 | 4.33 | Mth |
| Swiss Francs | 1.50 | 1.50 | 1.51 | Mth |
| Japanese Yen | 5.00 | 5.00 | 5.12 | Mth |
| **Citibank Savings** St Martins Hse, Hammersmith Grove 01-748 9251 | | | | |
| Money Market Plus | | 9.57 | 14.28 | Mth |
| **Co-operative Bank Cheque & Save** 78-80 Cornhill EC3, 01-626 6543. | | | | |
| £500-£2,500 | 9.50 | 7.10 | 10.41 | Qtr |
| £2,500 + | 12.00 | 8.97 | 13.26 | Qtr |
| **Dartington & Co Ltd** Dartington, Totnes, Devon TQ9 6JE. 0803 862271 | | | | |
| Money Mkt Acc | 11.00 | 8.22 | 12.27 | Qtr |
| **Edward Manson & Co Ltd** 9 Henrietta Place W1M 9AG 01-631 3313 | | | | |
| Cheque Deposit Acc | 11.50 | 8.59 | 12.98 | Mth |
| **Henderson/Bank of Scotland** 38 Threadneedle St EC2P 2EH 01-628 8060 | | | | |
| Money Mkt. Cheque Acc. | 11.00 | 8.22 | 12.18 | Mth |
| **Lloyds Bank PLC** 71 Lombard St, London, EC3P 3BS. 01-626 1500 | | | | |
| High Int Cheque Account | 11.25 | 8.25 | 12.32 | Qtr |
| **Lombard North Central PLC** 17 Bruton St, W1A 3DH 01-409 3434 | | | | |
| 14-Day Notice | 11.500 | 8.596 | 12.280 | - |
| **M & G/Kleinwort Benson** 91-99 New London Rd, Chelmsford. 0245 51651 | | | | |
| H.I.C.A. | 11.125 | 8.31 | 12.35 | Daily |
| **Midland Bank plc** PO Box 2, Sheffield. 0742 20999 Ext 8655 | | | | |
| High Int Chq Acc. | 10.70 | 8.00 | 11.93 | Qtr |
| £10,000 + | 11.17 | 8.35 | 12.47 | Qtr |
| **Provincial Trust (formerly Choulartons)** 30 Ashley Rd, Altrincham, Cheshire 061-928 9011 | | | | |
| Cheque Acc. | 11.50 | 8.60 | 13.00 | Mth |
| **Royal Bank of Scotland plc** 24 Lombard St, London EC3V 9BA 031-557 0201 | | | | |
| Premium Account | 11.0 | 8.22 | 12.27 | Qtr |
| **Save & Prosper/Robert Fleming** 28 Western Rd, Romford RM1 3LB. 0708 66966 | | | | |
| H.I.B.A. | 10.70 | 8.00 | 11.89 | Daily |
| **Tyndall & Co** 29-33 Princess Victoria St, Bristol. 0272 732241 | | | | |
| Demand Acc | 11.20 | 8.37 | 12.51 | Qtr |
| Money Acc. | 11.03 | 8.25 | 12.31 | Qtr |
| **J. Henry Schroder Wagg & Co Ltd** Enterprise House, Portsmouth 0705 827733 | | | | |
| Special Acc | 11.10 | 8.30 | 12.50 | Mth |
| Over £10,000 | 11.35 | 8.48 | 12.80 | Mth |
| **Western Trust & Savings Limited** The Moneycentre, Plymouth PL 1SE 0752 24141 | | | | |
| High Int Chq Acc | 11.69 | 8.74 | 12.90 | Qtr |

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR. Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr. frequency interest credited.

### NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex subdivision. $$ Only available to charitable bodies. ⊕ Yield column shows annualised rates of NAV increase. [illegible]

## OPTIONS

### 3-month call rates

| Industrials | p | | p |
|---|---|---|---|
| Allied-Lyons | 28 | Marks & Spencer | 13 |
| BAT | 26 | Midland Bk. | 35 |
| BOC Grp. | 27 | NEI | 10 |
| BSR | 8 | Nat West Bk | 55 |
| BTR | 33 | P & O Dfd | 35 |
| Babcock | 13 | Plessey | 14 |
| Barclays | 33 | Polly Peck | 21 |
| Beecham | 30 | Racal Elect. | 15 |
| Blue Circle | 50 | RHM | 12 |
| Boots | 18 | Rank Org Ord | 35 |
| Bowaters | 30 | Reed Intnl | 60 |
| Brit Aerospace | 32 | Sears | 11 |
| Brit. Telecom | 37 | TI | 35 |
| Brown (J.) | 3½ | Tesco | 24 |
| Burton Ord | 45 | Thorn EMI | 34 |
| Cadburys | 13 | Trust Houses | 32 |
| Charter Cons. | 18 | Turner Newall | 9½ |
| Comm Union | 23 | Unilever | 98 |
| Courtaulds | 13 | Vickers | 35 |
| Debenhams | 32 | **Property** | |
| Distillers | 36 | Brit Land | 14 |
| FNFC | 12 | Cap Counties | 20 |
| Gen Accident | 55 | Land Secs | 26 |
| Gen Electric | 14 | MEPC | 26 |
| Glaxo | 100 | Peachey | 24 |
| Grand Met | 30 | Samuel Props | 15 |
| GUS 'A' | 70 | **Oils** | |
| Guardian | 60 | Brit. Oil & Min. | 3½ |
| GKN | 20 | Brit Petroleum | 45 |
| Hanson Tst. | 18 | Burmah Oil | 27 |
| Hawker Sidd. | 36 | Charterhall | 4 |
| ICI | 42 | Premier | 5 |
| 'Imps' | 16 | Shell | 55 |
| Jaguar | 27 | Tricentrol | 18 |
| Ladbroke | 27 | Ultramar | 18 |
| Legal & Gen | 60 | **Mines** | |
| Lex Service | 24 | Cons Gold | 40 |
| Lloyds Bank | 35 | Lonrho | 12 |
| Lucas Inds | 38 | Rio T Zinc | 50 |

A selection of Options traded is given on the London Stock Exchange Report Page.

# COMMODITIES AND AGRICULTURE

## Australia in fresh attack on Europe's farm policy

By Our Commodities Editor

EUROPE'S COMMON Agricultural Policy may be keeping up to 1m people out of work in manufacturing industry, according to a study released in London yesterday by Australia's Bureau of Agricultural Economics.

The report — "Intersectoral Effects o fthe CAP" — is the latest broadside against European farm policy from the Australian Government-funded Bureau. Last month it published a major study aiming to demonstrate that the CAP cost European consumers and taxpayers an estimated 56 to 73bn European Currency Units (Ecu) a year.

Yesterday's report said that without the distorting effects of agricultural protection, which has depressed economic growth and kept import prices up, net manufacturing exports could have been Ecu 30bn greater in 1983. That would imply that manufacturing output might have been about 4 per cent higher,

## EEC butter plan angers British manufacturers

BY ANDREW GOWERS

BRITISH BUTTER manufacturers yesterday sharply criticised the European Commission's emergency plans to reduce the EEC butter mountain by making further subsidised export sales or feeding it back to cattle.

The Community's surplus stocks of butter, in public and private hands, total more than 1m tonnes despite recent moves to cut milk production, and the Commission recently announced that it was urgently examining options for their disposal.

These include the possibility of another large subsidised sale to the Soviet Union, exports of old butter in the form of "ghee" to India and Pakistan, domestic sales of concentrated butter for cooking purposes and —most bizarre of all—the feeding of butter back to the animals which produced it.

The Engilsh Butter Marketing Company, which represents manufacturers in England and Wales, said yesterday, following a meeting with members of the retail trade, that all these schemes would be more costly than equivalents in the past, and would have substantial political or economic drawbacks.

For example, the proposed sale of 100,000 tonnes to the USSR would need to take place at a high rate of subsidy given the present competitive conditions on the world market.

The existing scheme to subsidise sales of concentrated butter for use in cooking cost £1,175 per additional tonne sold, and generated only 4,000 tonnes of extra sales. But it is reported that Brussels would like to sell 40,000 tonnes more under its new proposal.

Mr Mike Bessey, EBMC chairman and a senior Milk Marketing Board official, said the Commission should consider three alternative proposals:

- Further subsidising use of butter as an ingredient in the EEC foo dindustry in order to replace the estimated 2m tonnes of vegetable and fish oil which the Community currently imports. Mr Bessey estimated that a subsidy of about £1,750 a tonne—compared with the present marginal cost of £1,949 per tonne for disposing of intervention stocks—would enable butter to make "very substantial inroads" into this market.
- Extending the "social butter" scheme currently implemented in parts of the Community to old-age pensioners. Mr Bessey said that if butter were to be subsidised to a price equal to that of premium margarines, 31,500 tonnes of extra butter consumption could be generated. This would save pensioners some £53m, he said.

However, such a scheme, like the plan to replace vegetable and fish oil imports, would be vehemently opposed by powerful margarine manufacturers like Unilever.

- Introducing an all-the-year-round consumer butter subsidy. "It is our belief that if nothing is done to decrease the price differential between butter and margarine, the UK butter market will continue to decline," said the EBMC. This could add up to 180,000 tonnes to UK intervention stocks over the next three years.

## WEEKLY METALS

All prices as supplied by *Metal Bulletin:*

**ANTIMONY:** European free market. 99.6 per cent, $ per tonne, in warehouse, 2,790-2,875.

**BISMUTH:** European free market, min. 99.99 per cent, $ per lb, tonne lots in warehouse, 4.15-4.30.

**CADMIUM:** European free market, min. 99.95 per cent, $ per lb, in warehouse, ingots, 0.76-0.80, sticks 0.82-0.86.

**COBALT:** European free market, 99.5 per cent, $ per lb, in warehouse, 11.10-11.30.

**MERCURY:** European free market, min. 99.99 per cent, $ per flask, in warehouse, 280-286.

**MOLYBDENUM:** European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 2.85-2.92.

**SELENIUM:** European free market, min. 99.5 per cent, $ per lb, in warehouse, 7.20-7.35.

**TUNGSTEN ORE:** European free market, standard min. 65 per cent, $ per tonne unit $WO_3$, cif, 63-70.

**VANADIUM:** European free market, min. 98 per cent $V_2O_5$, other sources, $ per lb $V_2O_5$, cif, 2.05-2.15.

**URANIUM:** Nuexco exchange value, $ per lb $U_3O_8$, 16.00.

## Aid promised for UK farmers

BY OUR COMMODITIES EDITOR

THE UK Government has finally bowed to a barrage of livestock farmers' appeals for extra help following the wettest British summer in years.

Yesterday's announcement by Mr Michael Jopling, the Agriculture Minister, to the Conservative Party conference that the Government would provide unspecified financial assistance to livestock farmers follows repeated requests for aid, particularly from Scotland.

It also marks a distinct softening in the Government's previous tough stance towards farmers. A number of demands for special assistance have been ignored or turned down in the past.

At the beginning of the Blackpool Conference yesterday morning, the Scottish National Farmers' Union sent an urgent message to Mrs Margaret Thatcher, the Prime Minister, detailing what they described as the worst Scottish weather conditions for over a century.

Between July and September they had experienced between 200 and 350 per cent more rainfall and 75 per cent less sunshine than normal.

Milk production was more than 13 per cent down on 1984, livestock prices were falling, 80 per cent of the hay crop had been destroyed, and perhaps as much as 40 per cent of the grain harvest would be uncut, the Scottish NFU said.

Farmers elsewhere in Britain fear that their profits will be severely hit following this year's poor-quality cereal harvest.

Livestock farmers in Northern Ireland have already been promised help with a transfer of feed grains from intervention stocks elsewhere in Britain.

- Mr Jopling also announced that the Government would provide up to £2.5m in additional support for Food from Britain, the marketing organisation it established in 1983.

This follows decisions by farmers and food manufacturers to provide their own funding.

## France joins queue for emergency funds

BY QUENTIN PEEL IN BRUSSELS

FRANCE YESTERDAY joined the queue for emergency relief from the EEC for its farmers, calling for 200,000 tonnes of cheap fodder grain for its drought-hit southern regions.

The plea came just as an emergency package for Irish farmers, suffering from the effects of excess rain, was set to be approved by national officials in the Special Committee on Agriculture.

The French request now seems likely to go before the European Commission at its weekly meeting today, and final approval of the Irish package was held over until next week.

Farmers both in the Irish Republic and in Northern Ireland are set to benefit from the deal, costing an estimated Ecu 9m on the overstretched EEM farm budget. The Commission has proposed making 125,000 tonnes of fodder grain available for farmers in the south, and 40,000 for Ulster, at a price 25 per cent below the intervention price.

France is understood to be seeking similar terms for its drought-hit farmore in the Midi, the Massif Central, and the south-west.

National officials are now waiting to see whether Italy will also join the queue for special relief.

**Stefan Wagstyl** on the current round of price talks

## Nickel producers feel the pinch

THE WORLD'S nickel producers are this week expected to complete a tough round of price talks with their customers.

Their negotiating position has been worse than they could have imagined a few months ago — indeed probably worse than at any time in the past two years.

They are trying to settle prices for the fourth quarter of 1985 in the wake of a sudden and sustained fall in the free market price which has cut the ground away from under their feet. The price has dropped from a high earlier this year of $2.65 a pound to around $2.00. This means that producers who secured about $2.35 for their contract nickel in the third quarter may now get below $2.15. Some consumers have already forced the nickel companies to accept $2.10.

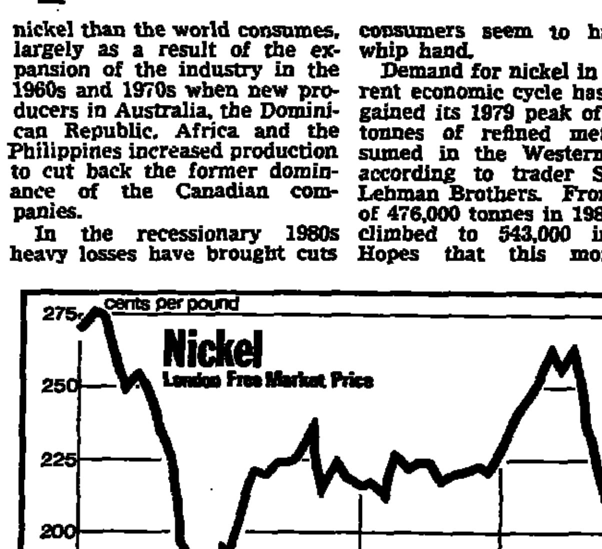
The fall to $2.00 is of more than psychological importance for it is at this level that even the most efficient producers begin struggling to break even. This goes for the Canadian giants, Inco and Falconbridge, which have drastically cut costs over the past three years. Inco, which returned to profit in the fourth quarter of last year after several years of heavy losses, says that its nickel costs about $2.10 to produce.

The nickel companies are busy arguing that the free market price is now unsustainably low, particularly in view of the recent fall in the dollar. But even they are not setting their sights too high. Mr Paul Salzburger, Inco's director of market research, says: "Prices will go up. Though it may only be to $2.20, that's a hell of a lot better than $2.00."

But the fact is that prices have returned to near their average for 1982-1983 and 1984. In retrospect this year's spring surge looks like an anomaly in which prices rose on the back of fears of interruptions to supplies — primarily as a result of political unrest in the Pacific island of New Caledonia, which produces some 10 per cent of the Western world's nickel.

In the wake of the price fall the nickel companies' capacity weighs heavily on their balance sheets. They are able to produce perhaps 30 per cent more nickel than the world consumes, largely as a result of the expansion of the industry in the 1960s and 1970s when new producers in Australia, the Dominican Republic, Africa and the Philippines increased production to cut back the former dominance of the Canadian companies.

In the recessionary 1980s heavy losses have brought cuts in capacity and in production costs, but not enough to win back the initiative for the producers.




Only one major mining house has pulled out of nickel altogether — Amax, the hard-pressed U.S. mining group. But the closure of its Louisiana refinery later this month will not reduce nickel supply, since the ore it processes from the Australian Agnew mine is to be refined elsewhere.

The market has not been made any easier for the cost effective producers by the growth of state-backed enterprises in developing countries which have been willing to accept losses on nickel produced at $3.00 a pound and more for the sake of earning valuable foreign exchange. Even bankruptcy has not necessarily brought an end to production: the Philippines producer Marinduque, which went backrupt in 1983, has been refinanced and resurrected under the name of Nonoc.

In the nickel market, then, consumers seem to have the whip hand.

Demand for nickel in the current economic cycle has not regained its 1979 peak of 560,000 tonnes of refined metal consumed in the Western world, according to trader Shearson Lehman Brothers. From a low of 476,000 tonnes in 1981 it has climbed to 543,000 in 1984. Hopes that this momentum might be maintained this year have been thwarted by the slowdown in the U.S. economy (consumer of some 25 per cent of the Western world's nickel).

Unfortunately for the producers, metal traders expect nickel demand to fall off faster than any slow-down in economic growth. This is because the critical element in demand for the metal is the highly cyclical stainless steel industry, which accounts for about half of nickel consumption. Stainless steel production tends to expand faster than other parts of the economy in the early stages of recovery but tails off equally rapidly if recovery slows down. This decline is already apparent not only in the U.S. but also in other Western countries. The Commodities Research Unit (CRU), a London-based research company, says: "The world stainless steel market is experiencing a slump in demand. There is no sign of a recovery after this year."

Analysts do not expect other nickel consumers — manufacturers of high temperature superalloys for example, or electroplating companies — to take up the slack. One New York metal trading company said that even the long-awaited recovery in civil aircraft manufacture—which would create a demand for nickel in superalloys for jet engines—had yet to make itself felt.

A review of nickel supply and demand leads almost every market commentator to bleak conclusions about the outlook for nickel prices. Mr Jim Lennon, senior consultant with CRU says of prospects for the rest of the 1980s: "We do not anticipate any major improvements." And a senior executive at a U.S. manufacturer of superalloys says: "Nickel didn't join in the recovery. It's just a matter of time before the next recession is upon us. That will mean more streamlining for the nickel industry."

The nickel companies try to put a brave face on things. They argue that the immediate outlook is not as bad as it seems, since one feature of 1985 has been a run-down in consumers' nickel stocks. These may now be built up.

Looking at the longer term outlook the producers point out that even if capacity cuts in the early 1980s have been insufficient they have at least gone some way towards cutting the surplus. And lower prices have put off the development of new mines. At Inco, Mr Salzburger says: "I guess the basic point I am trying to make is that there's no reason to think that things are all bad. We don't see any new competition in the pipeline."

Demand, too, may be stronger in the late 1980s, say the producers. The next economic upswing may bring with it the increase in heavy industrial investment which has been weak in many countries this time around. That would mean great demand for nickel, for example, in stainless steel for process plant engineering.

But the nickel companies remain very cautious. Mr Salzburger says: "Since the mid-1970s demand has been flat. I would see growth of 1 to 2 per cent a year ahead. That is better than nothing but it's nothing to shout about."

## LONDON MARKETS

COFFEE VALUES on the London futures market turned higher yesterday, taking their lead from New York. Though the market was basically quiet with roasters generally withdrawn the January price ended £23.50 higher at £1,647 a tonne. The New York rise was attributed to reports of good business at the opening of Brazilian export registrations for November. A report issued yesterday by London trade house E. D. & F. Man said coffee prices were likely to rise in the December/January period due to normal seasonal pressures, in spite of continuing high consumer stocks. On the London Metal Exchange copper and aluminium prices were a little lower but other base metals were somewhat firmer. LME prices supplied by Amalgamated Metal Trading.

### ALUMINIUM

| | Unofficial close(p.m.) £ per tonne | + or — | High/low |
|---|---|---|---|
| Cash | 706-9 | -3 | — |
| 3 months | 730.5-1 | -2.75 | 734/726 |

Official closing (am): Cash 703-.5 (702-3.5), three months 726-.5 (725-.5). Settlement 703.5 (703.5). Final Kerb close: 729-30. Turnover: 11,975 tonnes.

### COPPER

| Higher grade | Unoffic'l close | + or — | High/low |
|---|---|---|---|
| Cash | 990.5-1.5 | -2.5 | 991/989.5 |
| 3 months | 1015-.5 | -0.5 | 1915/1011 |

Official closing (am): Cash — (985.5-6). three months 1010.5-1 (1005.5-6). Settlement 990 (986). Final Kerb close: 1014-14.5.

| Cathodes | | | |
|---|---|---|---|
| Cash | 974.5 6 | -1.75 | 975/975 |
| 3 months | 999-1000 | 1.5 | 999/998 |

Official closing (am). Cash 970-2 (970-2), three months 992-4 (992-4). Settlement 972 (972). Turnover: 32,450 tonnes. U.S. producer prices 66-68 cents per pound.

### LEAD

| | Unofficial close(p.m.) £ per tonne | + or — | |
|---|---|---|---|
| Cash | 278.25-.75 | +0.75 | — |
| 3 months | 286.75-7 | +0.62 | 288/286.5 |

Official closing (am): Cash 278.5.8 (277.75-8). three months 286.5-7 (285-5). Settlement 279 (278). Final Kerb close: 286.5-7. Turnover: 6,600 tonnes. U.S. spot: 19-20 cents per pound.

### NICKEL

| | Unofficial close(p.m.) £ per tonne | + or — | High/low |
|---|---|---|---|
| Cash | 3140-5 | +7 | 3155-3135 |
| 3 months | 3169-70 | +6.5 | 3170/3160 |

Official closing (am): Cash 3130-45 (3130.5). three months 3165-70 (3165-75). Settlement 3145 (3135). Final Kerb close: 3160-70. Turnover: 480 tonnes.

### TIN

| High grade | Unofficial close(p.m.) £ per tonne | + or — | High/low for day |
|---|---|---|---|
| Cash | 8815-8 | +59 | 8818/8816 |
| 3 months | 8695-700 | +40 | — |

Official closing (am): Cash 8828-30 (8710-5). three months 8685-90 (—). Settlement 8830 (8715).

| Standard | | | |
|---|---|---|---|
| Cash | 8815-8 | +59 | 8850/8790 |
| 3 months | 8695-700 | +40 | 8700/8670 |

Official closing (am): Cash 8828-30 (8710-5), three months 8685-90 (8625-6). Settlement 8830 (8715). Final Kerb close: 8695-00. Turnover: 1720 tonnes. Straits tin $m 29.87 (29.60) kilo.

### ZINC

| High grade | Unofficial close(p.m.) £ per tonne | + or — | High/low |
|---|---|---|---|
| Cash | 480-1 | +3 | 481/481 |
| 3 months | 486.5 | +3 | 488/478 |

Official closing (am): Cash 480.5-1 (471-3), three months 485.5-6 (478-.5). Settlement 481 (473). Final Kerb close: 483-3.5. Turnover: 9,800 tonnes. U.S. Prime Western: 38-38.75 cents per pound.

### GOLD

Gold fell $½ an ounce from Monday's close in the London bullion market yesterday to finish at $326-326½. The metal opened at $327-327½ which proved to be the day's high and touched a low of $325-325½. Trading was quiet for much of the day, reflecting little movement in the value of the dollar amid fears of renewed central bank intervention.

GOLD BULLION (fine ounce) Oct. 8

| | | |
|---|---|---|
| Close | $327-327½ | (£231 231½) |
| Opening | $326-326½ | (£230½-230¾) |
| M'n'g fix. | $326.10 | (£230.297) |
| Aft'n'n fix | $326.35 | (£230.881) |

GOLD AND PLATINUM COINS

| | | |
|---|---|---|
| Kr'g'r'nd | $332¼ 333 | (£234¾-235¼) |
| ½ Krug. | $173¼-174 | (£122¼-123) |
| ¼ Krug. | $85-85½ | (£60 60½) |
| 1/10 Krug. | $36 36¾ | (£25½-26) |
| Mapleleaf | $336¼ 337½ | (£238 238½) |
| New Sov. | $78½-79 | (£55½-55¾) |
| ½New Sov | $47¼ 48 | (£33½ 34) |
| Old Sov. | $80½ 82 | (£56¾-57¾) |
| $20 Eagle | $460 500 | (£325 353¼) |
| Noble Plat | $329 332½ | (£232½-235¼) |

### SILVER

Silver was fixed 1.5p an ounce higher for spot delivery in the London bullion market yesterday at 442 1p. U.S cent equivalents of the fixing levels were: spot 626c, up 1c; three-month 638.2c, up 1c; six-month 651.5c, up 1.5c; and 12-month 680.1c, up 2.05c. The metal opened at 446-449p (632-635c) and closed at 444-447p (628-631c)

| SILVER per troy | Bullion Fixing Price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 442.10p | +1.50 | 443.25p | -0.25 |
| 3 months | 454.25p | +1.55 | 456.5p | -1 |
| 6 months | 466.15p | +1.80 | — | — |
| 12 months | 490.15p | +2.25 | — | — |

LME—Turnover: 55 (90) lots of 10,000 oz.

Cash high/low 443.5p; three months high 456p, low 455p, final kerb 456-7p.

### JUTE

JUTE—Oct/Nov shipment c and f Dundee BTC $470, BWC $460, BTD $430, BWD $425; c and f Antwerp BTC $465, BWC $455, BTD $425, BWD $420; c and f Dundee ex-India October shipment 40 in 10 oz £16.56, 40 in 7.5 oz £12.41; B twills £52.82.

## INDICES

### FINANCIAL TIMES

| Oct. 7 | Oct. 4 | M'th ago | Year ago |
|---|---|---|---|
| 249.94 | 250.69 | 253.76 | 287.81 |

(Base: July 1 1952=100)

### REUTERS

| Oct. 8 | Oct. 7 | M'th ago | Year ago |
|---|---|---|---|
| 1701.6 | 1701.8 | 1698.4 | 1875.1 |

(Base: September 18 1931=100)

### DOW JONES

| Dow Jones | Oct. 7 | Oct. 4 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 114.76 | 114.16 | — | 124.34 |
| Fut. | 117.08 | 117.16 | — | 124.94 |

(Base: December 31 1931=100)

## MAIN PRICE CHANGES

In tonnes unless otherwise stated.

| METALS | Oct. 8 1985 | + or — | Month ago |
|---|---|---|---|
| Aluminium | £1100 | | £1100 |
| Free Mkt. | $1040/60 | | $1040.60 |
| Copper | | | |
| Cash h Grade | £991 | -2.5 | £1056.25 |
| 3 mths | £1015.25 | -0.5 | £1063.5 |
| Gold Troy oz | $326.25 | -0.5 | $322 |
| Lead Cash | £278.5 | +0.75 | £298.25 |
| 3 mths | £286.87 | +0.62 | £302.25 |
| Nickel | | | |
| Free Mkt | 201/221c | | 216/236c |
| Palladium oz | $101.00 | -0.85 | $99.00 |
| Platinum oz | $319.70 | +0.70 | $319.00 |
| Quicksilver† | $270/285 | | $290/308 |
| Silver troy oz | 442.10p | +1.50 | 459.85p |
| 3 months | 454.25p | +1.55 | 472.90p |
| Tin cash | £8816.5 | +59 | £9174 |
| 3 months | £8697.5 | +40 | £9127.5 |
| Tungsten | $66.75 | | $67.32 |
| Wolfram 22.0lb | $64/68 | | $65/70 |
| Zinc | £480.5 | +3 | £585 |
| 3 months | £486.25 | +3 | £529.25 |
| Producers | $780 | | $780/850 |
| OILS | | | |
| Coconut (Phil) | $450x | | $430 |
| Palm Malayan | $380u | | $350 |
| SEEDS | | | |
| Copra Phil | ‡ | | $295 |
| Soyabean (U.S.) | ‡ | | $211.9 |
| GRAINS | | | |
| Barley Fut. Jan. | £109.38 | -0.15 | £104.85 |
| Maize | £135.50 | | £129.50 |
| Wheat Fut. Jan. | £108.20 | -0.38 | £104.85 |
| No. 2 Hard Wint. | ‡ | | ‡ |
| OTHERS | | | |
| Cocoa Ft. Mar. | £1811.5 | -5 | £1768.5 |
| Coffee Ft. Jan. | £1647 | +23.5 | £1680.5 |
| Cotton A Index | 49.20c | -0.3 | 55.75c |
| Gas Oil Nov. | $257 | +1 | $245.25 |
| Rubber (kilo) | 58p | | 62.5p |
| Sugar (raw) | $127.5x | -3.5 | $134 |
| Wooltops 64s | 422p kilo | | 428p kilo |

‡ Unquoted. x Oct-Nov. w Nov-Dec. v Nov. u Dec. † Per 76 lb flask. c Cents a pound.

### COCOA

Futures traded in a narrow range in thin volume. During the final hour the near positions eased against the forwards. Physicals also appeared to lack direction and neither producers nor consumers were keen to re-enter the market, reports Gill and Duffus.

| COCOA | Yesterday's Close £ per tonne | + or — | Business Done |
|---|---|---|---|
| Dec. | 1776-1777 | -5.0 | 1781-1776 |
| March | 1811-1812 | -5.0 | 1821-1811 |
| May | 1838 1839 | -4.0 | 1845-1838 |
| July | 1850-1852 | -1.5 | 1858-1850 |
| Sept. | 1858-1861 | -1.5 | 1865-1858 |
| Dec. | 1838-1839 | -2.5 | 1843-1838 |
| Mar. | 1845-1849 | -2.5 | — |

Sales: 2,158 (1,184) lots of 10 tonnes. ICCO indicator prices (U.S. cents per pound). Daily price for October 8: 110.04 (110.32); five-day average for October 9: 110.49, (110.62).

### COFFEE

In quiet conditions gains of £16-35 were established, reports Drexel Burnham Lambert. Mixed buying, based upon a steady New York close, encouraged the gradual advance but a retracement from a higher New York opening tended to influence some light profit-taking and commission house selling.

| COFFEE | Yesterdy's Close | + or — | Business Done |
|---|---|---|---|
| Nov. | 1608-1610 | +27.0 | 1618-1598 |
| Jan. | 1646 1648 | +23.5 | 1653-1636 |
| March | 1678 1680 | +25.5 | 1685-1668 |
| May | 1708-1710 | +23.0 | 1715-1700 |
| July | 1725 1735 | +17.5 | 1728-1725 |
| Sept. | 1760-1778 | +19.0 | 1770-1760 |
| Nov. | 1770-1818 | +15.0 | — |

Sales: 2,242 (1,548) lots of 5 tonnes. ICO indicator prices (U.S. cents per pound) for October 7: Comp. daily 1979 120.36 (120.32); 15-day average 119.71 (119.50).

### FREIGHT FUTURES

In quiet trading conditions, nearby October drifted lower on a background of rumours of easier physical business for Gulf/Japan, while the majority of the 1986 positions remained steady. Distant October and the 1987 positions were marked down, reports Clarkson Wolff. The Baltic Freight Index was 883, down 1.

| | Close | High/Low | Prev. |
|---|---|---|---|
| Oct. | 862/866 | 869/862 | 865/870 |
| Jan. | 878/880 | 882/878 | 877/880 |
| April | 938/943 | — | 935/938 |
| July | 858/859 | 859.5/858 | 840/860 |
| Oct. | 910/920 | 940/920 | 935/957 |
| Jan. | 920/930 | 930 | 940/980 |
| April | 1000/1060 | — | 1020/1070 |
| July | 946/950 | 950 | 950/970 |

Turnover: 95 (82).

### MEAT

Expectations of firmer physical prices, especially for porkers, led to light buying on near positions, reports CCST Commodities.

Sales: 9 (6) lots of 50 carcases, 3,250 kg.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 92.88p per kg lw (-0.43). GB—Sheep 152.89p per kg est dcw (+7.74). GB—Pigs 78.33p per kg lw (+0.38).

| Month | Yesterday's close | Previous close | Business done |
|---|---|---|---|
| | p. per kilo (deadweight) | | |
| Nov. | 117.00 | 116.50 | 117.8-116.2 |
| Feb. | 103.40 | 103.30 | 103.4-103.3 |
| April | 104.50 | 104.10 | — |
| June | 101.70 | 101.70 | — |
| Aug. | 100.50 | 100.50 | — |
| Oct. | 106.70 | 106.90 | — |

### GRAINS

The market remained dull and values generally lost ground on lack of interest with the physical market also quiet, reports Muirpace.

| Mnth | WHEAT Yesterd'ys close | + or — | BARLEY Yesterdys close | + or — |
|---|---|---|---|---|
| Nov. | 105.10 | -0.20 | 106.60 | +0.15 |
| Jan. | 108.20 | -0.30 | 109.30 | -0.15 |
| Mar. | 111.35 | -0.10 | 112.30 | -0.10 |
| May | 114.30 | -0.20 | 114.80 | -0.10 |
| July | 117.20 | -0.15 | — | — |
| Sept. | 96.75 | | 96.60 | |

LONDON GRAINS—Wheat: U.S. dark northern spring no 1 15 per cent Oct 137, Nov 127 75, Dec 128.75, Jan 132 50 transhipment east coast. U.S. no 2 soft red winter Oct 106, Nov 108, Dec 109.25, Jan 111 sellers. EC French Oct 124.00. English feed fob Oct 107 50-108.50 buyer/seller, Nov 109.50, Dec 110.50 sellers. Jan/Mar 112.50-113.25 April/June 117/118 buyer/sellers. Maize: U.S. no 3 yellow/French transhipment east coast Oct 136.50, Nov 137. Barley: English feed fob Oct 107 paid Scotland, Oct 106 paid 48/49 lb bushel Scotland, Oct 107.60 seller Scottish, Oct 108 60 English, Nov 109.50, Dec 110.50 sellers. Jan/Mar 12.50-113.25, April/June 117-118 buyer/sellers. Rest, unquoted.

HGCA — Locational ex-farm spot prices. Feed barley: S. East 102.80, W. Midlands 97.00. The UK monetary coefficient for the week beginning Monday October 14 (based on HGCA calculations using five-days' exchange rates) is expected to remain unchanged.

Business done—Wheat: Nov 105.30-5.10, Jan 108 50 only, Mar 111.45-1.35, May 114 50-4.35, July and Sept untraded. Sales: 207 lots of 100 tonnes. Barley: Nov untraded, Jan 109.45-9 30, Mar 112.40-2 30, May 115 00 only. Sept untraded. Sales: 39 lots of 100 tonnes.

### POTATOES

Signs of a stronger physical market as second earlies begin to clear, and expectations of supply tightening as maincrop storage starts, led to sharp gains in November. April opened firmer and quickly rallied £1.50 before profit-taking and continuous arbitrage selling erased the gains. A further dip in Holland weakened prices during a nervous afternoon, reflecting concern over the European crop prospects, reports Coley and Harper.

| Month | Yesterday's close | Previous close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Nov. | 62.50 | 58.90 | 62.60-58.90 |
| Feb. | 68.00 | 68.00 | — |
| Apr. | 80.80 | 81.40 | 82.80-80.20 |
| May | 86.40 | 87.20 | 88.60-86.50 |

Sales: 750 (1,381) lots of 40 tonnes.

### RUBBER

PHYSICALS—The London market opened quiet, eased gradually throughout the day and closed very quiet, reports Lewis and Peat. Closing prices (buyers): spot 58.00p (same): November 56.00p (56.25p): December 56.00p (56.25p). The Kuala Lumpur fob price for RSS No 1 was 164 5 (165.5) cents a kg and for SMR 20 was 164.5 (165.5).

### SOYABEAN MEAL

The market opened 50p higher in quiet trading conditions, reports T. G. Roddick. Prices remained steady on commission house buying.

| | Yesterday close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| October | 100.0-160.0 | — | — |
| Dec. | 123.5-123.8 | +0.65 | 124.5-123.5 |
| Feb. | 127.0-127.7 | +1.50 | 128.0-127.9 |
| Apr. | 127.8 128.0 | +1.50 | 128.0-127.2 |
| June | 125.5-128.0 | +0.65 | 126.0 |
| August | 126.1-126.5 | +1.10 | — |
| October | 128.5 129.0 | +1.75 | — |

Sales: 582 (363) lots of 20 tonnes.

### OIL

The crude oil market was relatively quiet. Brent firmed about 20c for November. December and January while Dubai weakened slightly. Nymex WTI opened 9c up for November and traded up to that level during the mornings. The petroleum products market continued weak because of uncertain October Soviet gas/oil supply and prompt was little discussed. Naphtha continued to fall as good physical supply found few buyers—Petroleum Argus, London.

## U.S. MARKETS

PRECIOUS METALS traded in a tight range awaiting fresh direction from currencies and financials, reports Heinold Commodities. Copper and aluminium came under pressure from a pick-up in trade offers. Sugar moved slightly higher on light trade support and profit-taking following recent declines. Light selling developed in cocoa on the adequacy of nearby supplies and expectations of early shipments from west Africa. Coffee remained firm on fears that supply availability could tighen if undershipments persist over the next few months. A steady tone was evident in cotton as light mill pricing developed. The energy complex firmed, reflecting the continuation of attack by Iraq against Kharg Island along with expectations of a positive trade stocks report. Maize and soyabeans benefited from concerns over harvest delays due to precipitation in the mid-West.

### NEW YORK

ALUMINIUM 40,000 lb. cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 44.65 | — | — | 45.00 |
| Nov | 45.00 | — | — | 44.95 |
| Dec | 45.35 | 45.40 | 45.20 | 45.65 |
| Jan | 45.70 | 45.65 | 45.85 | 46.00 |
| March | 46.45 | 46.55 | 46.40 | 46.75 |
| May | 47.15 | — | — | 47.45 |
| July | 47.85 | — | — | 48.15 |
| Sept | 48.55 | — | — | 48.85 |
| Dec | 49.60 | — | — | 49.90 |
| Jan | 49.95 | — | — | 50.25 |

COCOA 10 tonnes. $/tonnes

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 2265 | 2268 | 2255 | 2272 |
| March | 2340 | 2342 | 2331 | 2349 |
| May | 2386 | 2386 | 2382 | 2392 |
| July | 2415 | 2410 | 2408 | 2423 |
| Sept | 2424 | 2421 | 2415 | 2435 |
| Dec | 2417 | 2415 | 2415 | 2436 |
| March | 2415 | — | — | — |

COFFEE "C" 37,000 lb. cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 139.29 | 139.50 | 138.90 | 138.71 |
| March | 140.80 | 141.00 | 140.50 | 140.57 |
| May | 141.56 | 141.75 | 141.50 | 141.30 |
| July | 42.10 | 142.25 | 141.75 | 141.65 |
| Sept | 142.38 | — | — | 142.39 |
| Dec | 142.13 | 142.70 | 142.50 | 142.50 |
| March | 142.00 | — | — | 142.50 |

COPPER 25,000 lb. cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 61.56 | 61.65 | 61.65 | 61.80 |
| Nov | 61.85 | — | — | 62.15 |
| Dec | 62.30 | 62.70 | 62.25 | 62.60 |
| Jan | 62.50 | — | — | 62.80 |
| March | 62.95 | 63.40 | 62.90 | 63.20 |
| May | 63.25 | 63.70 | 63.30 | 63.55 |
| July | 63.55 | 63.90 | 63.55 | 63.90 |
| Sept | 63.85 | 64.20 | 64.00 | 64.25 |
| Dec | 64.40 | 64.70 | 64.50 | 64.80 |
| Jan | 64.55 | — | — | 64.95 |

COTTON 50,000 lb. cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 61.00 | 61.05 | 60.70 | 60.80 |
| Dec | 59.79 | 59.86 | 59.45 | 59.51 |
| March | 60.31 | 60.45 | 60.17 | 60.21 |
| May | 60.77 | 60.88 | 60.45 | 60.57 |
| July | 59.53 | 59.60 | 59.28 | 59.27 |
| Oct | 53.96 | — | — | 53.87 |
| Dec | 52.89 | 52.90 | 52.72 | 52.83 |

CRUDE OIL (LIGHT) 42,000 U.S. gallons. $/barrels

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Nov | 29.17 | 29.32 | 29.10 | 29.16 |
| Dec | 28.63 | 28.72 | 28.43 | 28.52 |
| Jan | 27.89 | 28.05 | 27.82 | 27.86 |
| Feb | 27.35 | 27.52 | 27.31 | 27.37 |
| March | 26.90 | 27.04 | 26.88 | 26.90 |
| April | 26.48 | 26.60 | 26.40 | 26.48 |
| May | 26.20 | 26.25 | 26.05 | 26.10 |
| June | 25.75 | 25.93 | 25.81 | 25.73 |
| July | 25.68 | 25.68 | 25.68 | 25.43 |
| Aug | 25.25 | 25.40 | 25.25 | 25.19 |

GOLD 100 troy oz. $/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 324.8 | 327.0 | 325.8 | 323.6 |
| Nov | 326.7 | — | — | 328.5 |
| Dec | 328.6 | 330.9 | 328.5 | 330.5 |
| Feb | 332.9 | 335.0 | 332.8 | 334.8 |
| April | 337.1 | 339.2 | 337.5 | 339.0 |
| June | 341.7 | 342.7 | 342.7 | 343.5 |
| August | 346.4 | — | — | 348.1 |
| Oct | 351.4 | — | — | 353.0 |
| Dec | 356.4 | 357.5 | 357.0 | 357.8 |
| Feb | 361.6 | — | — | 362.9 |
| April | 366.9 | 368.5 | 368.0 | 368.1 |
| June | 372.6 | — | — | 373.6 |
| August | 378.5 | 378.5 | 378.5 | 378.3 |

ORANGE JUICE 15,000 lb. cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Nov | 127.55 | 128.0 | 127.25 | 128.65 |
| Jan | 125.5 | 126.10 | 125.10 | 126.60 |
| March | 124.35 | 125.10 | 124.00 | 125.35 |
| May | 123.50 | 124.0 | 124.00 | 124.50 |
| July | 122.35 | 123.50 | 122.90 | 123.50 |

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Nov | 83.50 | 83.90 | 83.35 | 83.56 |
| Dec | 83.45 | 83.75 | 83.10 | 83.22 |
| Jan | 82.90 | 83.30 | 82.86 | 82.65 |
| Feb | 81.45 | 81.60 | 81.20 | 81.13 |
| March | 77.40 | 77.75 | 77.40 | 77.20 |
| April | 74.40 | 74.30 | 72.30 | 73.85 |
| May | 72.20 | 72.30 | 72.20 | 72.10 |

PLATINUM 50 troy oz. $/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 318.5 | 322.0 | 318.5 | 317.3 |
| Jan | 324.8 | 327.5 | 322.0 | 323.3 |
| April | 328.1 | 330.5 | 326.0 | 326.4 |
| July | 332.1 | 334.0 | 332.5 | 328.9 |
| Oct | 336.3 | 336.5 | 336.0 | 332.6 |

SILVER 5,000 troy oz. cents/troy oz

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 627.7 | — | — | 626.7 |
| Nov | 629.6 | — | — | 631.4 |
| Dec | 636.5 | 640.0 | 635.0 | 640.5 |
| Jan | 639.9 | 644.0 | 640.0 | 643.6 |
| March | 648.5 | 652.0 | 648.0 | 653.0 |
| May | 657.5 | 661.5 | 651.0 | 662.5 |
| July | 667.0 | 671.0 | 668.0 | 672.1 |
| Sept | 677.4 | 677.5 | 677.5 | 682.5 |
| Dec | 691.1 | 690.5 | 691.0 | 697.2 |
| Jan | 698.9 | — | — | 702.3 |

SUGAR WORLD "11" 112,000 lb. cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Jan | 5.07 | 5.07 | 4.90 | 4.90 |
| March | 5.36 | 5.44 | 5.34 | 5.30 |
| May | 5.54 | 5.62 | 5.52 | 5.51 |
| July | 5.72 | 5.81 | 5.72 | 5.72 |
| Oct | 6.06 | 6.14 | 6.05 | 6.06 |
| Jan | 6.25 | 6.26 | 6.22 | 6.32 |
| March | 6.65 | 6.72 | 6.72 | 6.72 |

### CHICAGO

LIVE CATTLE 40,000 lb. cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 61.77 | 61.77 | 61.10 | 60.27 |
| Dec | 63.92 | 64.10 | 63.46 | 62.92 |
| Feb | 61.45 | 61.60 | 61.30 | 61.00 |
| April | 61.40 | 61.82 | 61.36 | 61.40 |
| June | 61.97 | 62.70 | 61.95 | 62.40 |
| August | 60.10 | 60.60 | 60.10 | 60.30 |
| Oct | 59.60 | 59.87 | 59.56 | 59.60 |

LIVE HOGS 30,000 lb. cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 44.95 | 45.50 | 44.66 | 44.22 |
| Dec | 45.10 | 45.56 | 44.80 | 44.47 |
| Feb | 43.72 | 44.70 | 43.65 | 43.90 |
| April | 40.05 | 31.00 | 40.00 | 40.32 |
| June | 43.20 | 43.90 | 43.12 | 43.30 |
| July | 44.15 | 44.55 | 44.05 | 44.27 |
| August | 43.10 | 43.30 | 43.10 | 42.85 |
| Oct | 39.70 | 40.45 | 39.70 | 40.32 |
| Dec | 41.75 | — | 41.75 | 41.90 |

MAIZE 5,000 bu min. cents/56lb-bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 224.0 | 224.2 | 222.4 | 221 4 |
| March | 235 2 | 235.6 | 233.4 | 232.6 |
| May | 240.6 | 241.0 | 239.0 | 238.4 |
| July | 242.2 | 242.6 | 241.4 | 240.4 |
| Sept | 232.4 | 234.0 | 232.2 | 232.4 |
| Dec | 228.6 | 230.4 | 228.0 | 229.2 |
| March | 237.6 | 238.0 | 237.6 | 238.4 |

PORK BELLIES 38,000 lb. cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Feb | 63.70 | 65.90 | 63.50 | 65.00 |
| March | 64.20 | 66.15 | 64.00 | 66.35 |
| May | 65.15 | 66.90 | 65.00 | 66.35 |
| July | 65.65 | 67.25 | 65.30 | 66.85 |
| August | 63.65 | 65.50 | 63.20 | 64.75 |

SOYABEANS 5,000 bu min. cents/60 lb-bushel

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Nov | 506.0 | 507.6 | 503.4 | 503.2 |
| Jan | 518.2 | 519.6 | 515.6 | 515.2 |
| March | 530.4 | 532.0 | 528.4 | 527.2 |
| May | 539.6 | 541.2 | 538.0 | 537.0 |
| July | 546.6 | 548.4 | 545.0 | 544.2 |
| August | 546.0 | 547.0 | 546.0 | 544.4 |
| Sept | 537.0 | 537.0 | 536.0 | 537.0 |
| Nov | 537.4 | 541.0 | 536.0 | 538.0 |
| Jan | 548.0 | — | — | 549.0 |

SOYABEAN MEAL 100 tons, $/ton

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 137.2 | 138.0 | 136.2 | 135.8 |
| Dec | 138 9 | 139.6 | 137.4 | 138.1 |
| Jan | 139.7 | 140.6 | 138.6 | 139.2 |
| March | 141.2 | 142.5 | 140.5 | 141.0 |
| May | 142.8 | 144 0 | 142.0 | 142.8 |
| July | 144.8 | 145.8 | 144.0 | 144.5 |
| August | 143.5 | 145.0 | 143.6 | 141.5 |
| Sept | 143.0 | 144.0 | 143.0 | 141.5 |
| Oct | 141.7 | — | — | 140.0 |

SOYABEAN OIL 60,000 lb. cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Oct | 20.38 | 20.42 | 20.22 | 20.28 |
| Dec | 20.28 | 20.39 | 20.15 | 20.17 |
| Jan | 20.44 | 20.50 | 20.28 | 20.32 |
| March | 20.84 | 20.87 | 20.72 | 20.73 |
| May | 21.16 | 21.20 | 21.05 | 21.10 |
| July | 21.48 | 21.55 | 21.38 | 21.38 |
| August | 21.57 | 21.60 | 21.45 | 21.48 |
| Sept | 21.56 | 21.70 | 21.56 | 21.55 |
| Oct | 21.61 | — | — | 21.61 |
| Dec | 21.25 | — | — | — |

WHEAT 5,000 bu min. cents/60lb-bushel.

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 302.4 | 303.4 | 296.0 | 293.0 |
| March | 308.4 | 309.2 | 302.6 | 300.4 |
| May | 303.4 | 303.4 | 298.6 | 297.2 |
| July | 285.0 | 285.0 | 282.2 | 280.4 |
| Sept | 287.4 | 288.0 | 287.0 | 285.0 |
| Dec | 298.0 | 299.0 | 295.0 | 295.0 |

SPOT PRICES—Chicago loose lard 15.00 (same) cents per pound. New York tin 568.0-72.0 (567.0-75 0) cents per pound. Handy and Harman silver bullion 630.0 (629.0) cents per troy ounce.

### SPOT PRICES

| | Latest | Change + or — |
|---|---|---|
| CRUDE OIL—FOB ($ per barrel)—Nov. | | |
| Arab Light | 27.80 27.90 | — |
| Arab Heavy | 25.65-25.75 | — |
| Dubai | 26.56-26.65 | -0.05 |
| Brent Blend | 28.65-28.75* | +0.05 |
| W.T.I. (1pm est) | 29.20-29.25 | +0.55 |
| Forcados (Nigeria) | 28.75-28.80 | — |
| Urals (cif NWE) | — | — |
| PRODUCTS—North West Europe Prompt delivery cif ($ per tonne) | | |
| Premium gasoline | 285-287 | -0.5 |
| Gas Oil | 264-265 | -1 |
| Heavy fuel oil | 135-137 | — |
| Naphtha | 246-248 | -1 |

* October. *Petroleum Argus estimates*

### GAS OIL FUTURES

| Month | Yest'day's Close | + or — | Business Done |
|---|---|---|---|
| | $ U.S. per tonne | | |
| Oct | 261.50 | -0.50 | 265.00-61.25 |
| Nov | 257.00 | +1.00 | 258.00-56.75 |
| Dec | 253.00 | +1.25 | 253.75-52.50 |
| Jan | 250.00 | +0.50 | 250.50-48.50 |
| Feb | 247.00 | +0.50 | 248.00-47.00 |
| Mar | 239.00 | — | 242.00-39.00 |

Turnover: 1,631 (1,150) lots of 100 tonnes.

### SUGAR

LONDON DAILY PRICE—Raw sugar $127.50 (£90.00), down $3 50 (down £3.00) a tonne for October-November delivery. White sugar $166.00, down $6.50.

| No. 6 Contract | Yest'day's close | Previous close | Business done |
|---|---|---|---|
| | $ per tonne | | |
| Dec. | 135.2 135.8 | 135.5-136.0 | 137.0-135.4 |
| Mar. | 143.2-143.8 | 142.8-142.9 | 145.4-142.0 |
| May | 147.0-147.2 | 146.4-146.8 | 149.2-146.4 |
| Aug | 152.8 153.0 | 152.0-152.2 | — |
| Oct | 158.4-159.0 | 158.0-158.2 | 160.0-159.0 |

Rumours that the USSR was back in the market lifted prices some $3 but the gains were not held, reports C. Czarnikow.

Sales: 1,518 (1,978) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £193.00 (£196.50) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for October 7: Daily price 4.74 (4.96): 15-day average 5.07 (5.12)

PARIS—(FFr per tonne): Dec 1362/1370, Mar 1374/1375, May 1396/1402, Aug 1435/1443, Oct 1476/1484, Dec 1510/1530.

# CURRENCIES, MONEY and CAPITAL MARKETS

## FOREIGN EXCHANGES

# Dollar mixed in nervous trading

The dollar showed mixed changes in currency markets yesterday as dollar bulls and central banks continued to play a cat and mouse game. Demand for the dollar existed, partly because of the proximity of U.S. bond auctions, but speculators were inhibited to some extent because although central banks appeared to be content to allow the dollar a period of consolidation, there was still some activity by the Japanese and West German central banks and there was no way of knowing if and when a further concerted downward drive on the dollar would be mounted.

Consequently there was a natural desire to avoid carrying long dollar positions and with the market lacking a real volume so its ability to push the dollar firmer was severely inhibited. The dollar finished at DM 2.6455 from DM 2.6500 and SwFr 2.1695 compared with SwFr 2.1690. Against the yen it closed at Y215.95 from Y215.40 and FFr 8.07 from FFr 8.08. On Bank of England figures the dollar's exchange rate index was 131.0 from 130.8.

STERLING — Trading range against the dollar in 1985 is 1.4400 to 1.0525. September average 1.3657. Exchange rate index 80.1 compared with 80.2 on Monday. The six months ago figure was 76.3.

Sterling showed little overall change yesterday in very lacklustre trading. News of a 1¾ per cent rise in UK M3 money supply provided a small fillip, but the effects were short lived and sterling remained confined to a very narrow trading range.

Sterling showed some resistance at the day's low against the dollar of $1.400 and recovered to close at $1.4125-1.4135, a fall of just 5 points from Monday's close. Yesterday's money supply figures effectively put paid to any lingering hopes of an imminent cut in UK clearing bank base rates with M3 now further beyond official target ranges. Against this background the market found very little to act on and most trading lacked both direction and conviction. The pound closed at DM 3.7375 from DM 3.7450 against the D-mark and SwFr 3.0650, unchanged from Monday. Against the yen it rose to Y305.25 from Y304.50, but eased against the French franc to Fr 11.4025 from FFr 11.42.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.6490. September average 2.8370. Exchange rate index 127.9 against 120.8 six months ago.

The dollar was fixed at DM 2.6436 at yesterday's fixing in Frankfurt, up from DM 2.6366 on Monday and the Bundesbank sold $38.2m at the fixing. Trading remained on the quiet side with little evidence of central bank intervention outside the fixing. The position of central banks and the possibility of further concerted intervention tended to reduce trading volume, with many people content to remain on the sidelines as much as possible. Others suggested that central banks would allow the dollar a brief period of consolidation before embarking on any renewed attempts to push it lower. The dollar closed at DM 2.6480 from DM 2.6450.

### £ IN NEW YORK

| | Oct. 8 | Prev. close |
|---|---|---|
| £ Spot | $1.4130-1.4140 | $1.4180-1.4190 |
| 1 month | 0.48-0.45 pm | 0.49-0.46 pm |
| 3 months | 1.15-1.11 pm | 1.14-1.11 pm |
| 12 months | 2.95-2.85 pm | 2.85-2.75 pm |

Forward premiums and discounts apply to the U.S. dollar

### POUND SPOT—FORWARD AGAINST POUND

| October 8 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 1.4100-1.4180 | 1.4125-1.4135 | 0.48-0.45c pm | 3.95 | 1.16-1.11 pm | 3.21 |
| Canada | 1.9301-1.9364 | 1.9336-1.9364 | 0.56-0.47c pm | 3.19 | 1.31-1.16 pm | 2.58 |
| Nethlnd. | 4.20-4.21½ | 4.20-4.21 | 2⅛-2⅛c pm | 6.42 | 6-5¾ pm | 5.53 |
| Belgium | 75.72-75.98 | 75.86-75.96 | 23-18c pm | 3.26 | 45-36 pm | 2.13 |
| Denmark | 13.52¾-13.58¾ | 13.53½-13.54½ | 3½-2¾ ore pm | 2.55 | 6⅞-5½ pm | 1.83 |
| Ireland | 1.2083-1.2121 | 1.2089-1.2099 | 0.31-0.17p pm | 2.38 | 0.68-0.38 pm | 1.77 |
| W. Ger. | 3.73¼-3.74½ | 3.73¾-3.74¾ | 2½-2¼ pf pm | 7.63 | 6½-6¼ pm | 6.82 |
| Portugal | 231.11-234.97 | 231.27-234.97 | 10c pm-280 dis | -6.95 | 340-1295dis | -14.03 |
| Spain | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italy | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Norway | 11.13½-11.18¼ | 11.15-11.16 | [illegible] | [illegible] | [illegible] | [illegible] |
| France | 11.38¼-11.46¼ | 11.39½-11.40½ | [illegible] | [illegible] | [illegible] | [illegible] |
| Sweden | [illegible] | 11.29½-11.22½ | [illegible] | [illegible] | [illegible] | [illegible] |
| Japan | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Austria | 26.22-26.36 | 26.30-26.35 | [illegible] | [illegible] | [illegible] | [illegible] |
| Switz. | 3.06-3.07½ | 3.06-3.07 | [illegible] | [illegible] | [illegible] | [illegible] |

Belgian rate is for convertible francs. Financial franc 76.35-76.45. Six-month forward dollar 1.90-1.85c pm, 12-month 2.95-2.80c pm.

### DOLLAR SPOT—FORWARD AGAINST DOLLAR

| October 8 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| UK† | 1.4100-1.4180 | 1.4125-1.4135 | [illegible] | [illegible] | [illegible] | [illegible] |
| Ireland† | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Canada | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Nethlnd. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Belgium | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Denmark | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| W. Ger. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Portugal | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Spain | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Italy | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Norway | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| France | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sweden | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Japan | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Austria | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Switz. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 54.05-54.10.

### CURRENCY MOVEMENTS

| Oct. 8 | Bank of England Index | Morgan Guaranty Change % |
|---|---|---|
| Sterling | 80.1 | −10.5 |
| U.S. dollar | 131.0 | +19.1 |
| Canadian dollar | 84.0 | −8.7 |
| Austrian schilling | 119.7 | +5.1 |
| Belgian franc | 91.6 | −9.9 |
| Danish Kroner | 81.5 | −3.8 |
| Deutsche mark | 127.9 | +9.8 |
| Swiss franc | [illegible] | +15.4 |
| Guilder | [illegible] | +6.6 |
| French franc | [illegible] | −12.6 |
| Lira | [illegible] | −19.8 |
| Yen | [illegible] | +22.9 |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

### OTHER CURRENCIES

| Oct. 8 | £ | $ |
|---|---|---|
| Arg'tina | [illegible] | [illegible] |
| Australia | [illegible] | [illegible] |
| Brazil | [illegible] | [illegible] |
| Finland | [illegible] | [illegible] |
| Greece | [illegible] | [illegible] |
| H'kong | [illegible] | [illegible] |
| Iran | [illegible] | [illegible] |
| Kuwait | [illegible] | [illegible] |
| Lux'burg | [illegible] | [illegible] |
| Malay'sia | [illegible] | [illegible] |
| N.Zealand | [illegible] | [illegible] |
| Saudi Ar. | [illegible] | [illegible] |
| Singap're | [illegible] | [illegible] |
| S.Af.(Cm) | [illegible] | [illegible] |
| S.Af.(Fn) | [illegible] | [illegible] |
| U.A.E. | [illegible] | [illegible] |

* Selling rate.

### EXCHANGE CROSS RATES

| Oct. 8 | £ | $ | DM | YEN | F Fr. | S Fr. | H Fl. | Lira | C $ | B Fr. |
|---|---|---|---|---|---|---|---|---|---|---|
| £ | 1. | 1.413 | 3.738 | 305.3 | 11.40 | 3.065 | 4.205 | 2521. | 1.933 | 75.95 |
| $ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| DM | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| YEN | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| F Fr. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| S Fr. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| H Fl. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Lira | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| C $ | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| B Fr. | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

### CURRENCY RATES

| Oct. 8 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | [illegible] | [illegible] |
| U.S. $ | 7½ | [illegible] | [illegible] |
| Canadian $ | [illegible] | [illegible] | [illegible] |
| Austria Sch. | [illegible] | [illegible] | [illegible] |
| Belgian Fr. | [illegible] | [illegible] | [illegible] |
| Danish Kr. | [illegible] | [illegible] | [illegible] |
| D mark | [illegible] | [illegible] | [illegible] |
| Guilder | [illegible] | [illegible] | [illegible] |
| French Fr. | [illegible] | [illegible] | [illegible] |
| Lira | [illegible] | [illegible] | [illegible] |
| Yen | [illegible] | [illegible] | [illegible] |
| Norway Kr. | [illegible] | [illegible] | [illegible] |
| Spain Pta. | [illegible] | [illegible] | [illegible] |
| Swedish Kr. | [illegible] | [illegible] | [illegible] |
| Swiss Fr. | [illegible] | [illegible] | [illegible] |
| Greek Dr'ch | [illegible] | [illegible] | [illegible] |
| Irish Punt | [illegible] | [illegible] | [illegible] |

*CS/SDR rate for October 7: 1.49915.

### EURO-CURRENCY INTEREST RATES

| Oct. 8 | Short term | 7 Days notice | 1 Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Sterling | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| U.S. Dollar | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Can Dollar | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| D Guilder | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Sw. Franc | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| Deutschmrk | 4¼-4⅝ | 4½-4⅝ | 4⅛-4½ | [illegible] | [illegible] | [illegible] |
| Fr. Franc | 9⅞-9½ | 9½-9⅝ | 9¾-9⅞ | 10⅛-10⅜ | 10⅞-11 | 11¼-11⅜ |
| Italian Lire | 13-15 | 14¾-16¼ | 13¾-14¾ | 13⅞-14⅛ | 13⅞-14 | 13⅞-14⅜ |
| B.Fr.(Fin) | 8⅝-9½ | 8⅝-8⅞ | 8¾-9 | 9-9¼ | 9⅛-9⅝ | 9½-9¾ |
| Br.Fr(Con) | 8⅝-8⅝ | 8⅝-8⅞ | 8¾-9 | 9⅛-9⅜ | 9½-9¾ | 9⅝-9⅞ |
| Yen | 6⅞-6 7/16 | 6⅝-6 7/16 | 6⅝-6 7/16 | 6 7/16-6⅛ | 6⅝-6 7/16 | 6⅝-6 7/16 |
| D. Krone | 9-9½ | 9-9½ | 9 1/16-9 7/16 | 9-9¼ | 9-9½ | 9⅛-9⅝ |
| Asian $ (Sng) | 7⅞-8 | 8-8⅛ | 8-8⅛ | 8⅛-8¼ | 8¼-8⅜ | 8⅝-8¾ |

Long-term Eurodollars: two years 9¼-9⅝ per cent; three years 9⅞-10⅛ per cent; four years 10¼-10½ per cent; five years 10⅜-10⅝ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others, two days' notice.

### EMS EUROPEAN CURRENCY UNIT RATES

| | Ecu central rates | Currency amounts against Ecu October 8 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 44.8320 | [illegible] | [illegible] | [illegible] | ±1.5425 |
| Danish Krone | 8.12857 | [illegible] | [illegible] | [illegible] | ±1.6421 |
| German D-Mark | 2.23840 | [illegible] | [illegible] | [illegible] | ±1.1455 |
| French Franc | 6.86402 | [illegible] | [illegible] | [illegible] | ±1.3654 |
| Dutch Guilder | 2.52208 | 2.49061 | −1.25 | −0.45 | ±1.5162 |
| Irish Punt | 0.724578 | 0.715233 | −1.29 | −0.49 | ±1.6673 |
| Italian lira | 1520.60 | 1492.48 | −1.85 | −1.88 | ±4.0856 |

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

## FUTURES AND OPTIONS

# Gilts bounce

Sterling interest rate contracts fell sharply on yesterday's UK money supply figures. Forecasts for sterling M3 in the month to mid-September ranged between a rise of ½ per cent to 1½ per cent. The increase of 1¾ per cent led to immediate selling, but prices of gilt futures showed a partial recovery towards the close, as the cash market failed to react to the poor figures.

Dealers also suggested that the rise of £1bn in bank lending was rather less than expected and encouraged some bounce in the contracts.

The long gilt for December delivery opened at 113-08 (quoted in 32nds) and soon touched the day's high of 113-09. Trading was quiet, but some squaring of positions ahead of the money supply figures pushed the contract down to 113.05. The announcement immediately took the price down to a low of 112-30, before it recovered to close at 113-04, only slightly lower than the previous settlement of 113-06.

The short gilt also fell on the figures, but did not show as much recovery, finishing just above the low at 98-15 (quoted in 64ths) for December delivery, compared with 98-18 on Monday.

Three-month sterling deposits for December closed at the day's low of 89.05, against 89.15 previously, and after opening at the peak of 89.18. Money market cash rates showed almost no reaction to the M3 figure, but the announcement, coupled with the recent nervous performance of sterling on the foreign exchanges, appeared to put back any hopes of lower bank base rates for some time.

Dollar denominated contracts traded very quietly. December Eurodollars moved in a narrow range of 91.63 to 91.68, and closed at 91.65, compared with the Monday finish of 91.64, underpinned by a slight easing of the Federal funds rate in New York. Rumours about the possible resignation of Mr Paul Volcker as chairman of the Federal Reserve Board may have already been discounted by the market.

### POUND—$ (FOREIGN EXCHANGE)

| Spot | 1-mnth | 3-mnth | 6-mnth | 12-mth |
|---|---|---|---|---|
| 1.4130 | 1.4085 | 1.4017 | 1.3943 | 1.3843 |

### IMM—STERLING $s per £

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 1.4055 | 1.4085 | 1.4020 | 1.4085 |
| March | 1.3965 | 1.3990 | 1.3940 | 1.4010 |
| June | 1.3890 | -.3930 | 1.3890 | 1.3945 |
| Sept | — | — | — | 1.3900 |

### LIFFE—STERLING £25,000 $ per £

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 1.4055 | 1.4085 | 1.4050 | 1.4085 |
| March | 1.3975 | 1.3989 | 1.3989 | 1.4005 |
| June | 1.3915 | — | — | 1.3945 |

Est. volume 50 (229)
Previous day's open int. 2,979 (2,880)

### LIFFE—DEUTSCHE MARKS
DM 125,000 $ per DM

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 0.3806 | 0.3813 | 0.3806 | 0.3811 |
| March | 0.3840 | 0.3847 | 0.3847 | 0.3845 |
| June | 0.3876 | — | — | 0.3884 |

Est. volume 48 (44)
Previous day's open int. 470 (471)

### STERLING INDEX

| | Oct 7 | Previous |
|---|---|---|
| 8.30 am | 80.1 | 80.1 |
| 9.00 am | 80.0 | 80.2 |
| 10.00 am | 80.0 | 80.2 |
| 11.00 am | 80.1 | 80.2 |
| Noon | 80.1 | 80.3 |
| 1.00 pm | 80.1 | 80.3 |
| 2.00 pm | 80.0 | 80.3 |
| 3.00 pm | 80.0 | 80.1 |
| 4.00 pm | 80.1 | 80.2 |

### LONDON

#### 20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 113-04 | 113-09 | 112-30 | 113-06 |
| March | 113-06 | — | — | 113-08 |
| June | — | — | — | — |
| Sept | 112-06 | — | — | 112-08 |

Est. volume 1,890 (1,206)
Previous day's open int. 3,638 (3,380)
Basis quote (clean cash price of 13½% Treasury 2004-08 less equivalent price of near futures contract) −6 to +4 (32nds).

#### 10% NOTIONAL SHORT GILT
£100,000 64ths of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 98-15 | 98-23 | 98-14 | 98-18 |
| March | 98-31 | — | — | 98-31 |

Est. volume 771 (502)
Previous day's open int. 1,397 (1,278)

#### THREE-MONTH STERLING
£500,00 points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 89.05 | 89.18 | 89.05 | 89.15 |
| March | 89.48 | 89.58 | 89.48 | 89.53 |
| June | 89.51 | 89.56 | 89.51 | 89.59 |
| Sept | 89.48 | — | — | 89.56 |
| Dec | 89.40 | — | — | 89.53 |

Est. volume 2,064 (1,437)
Previous day's open int. 6,839 (6,638)

#### FT-SE 100 INDEX
£25 per full index point

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 130.75 | 131.50 | 130.30 | 130.80 |
| March | 131.75 | — | — | 131.80 |

Est. volume 220 (207)
Previous day's open int. 1,316 (1,275)

#### THREE-MONTH EURODOLLAR
$1m points of 100%

| | Close | High | Low | Prev |
|---|---|---|---|---|
| Dec | 91.65 | 91.68 | 91.63 | 91.64 |
| March | 91.28 | 91.30 | 91.27 | 91.27 |
| June | 90.90 | 90.91 | 90.88 | 90.88 |
| Sept | 90.54 | 90.54 | 90.53 | 90.53 |
| Dec | 90.20 | — | — | 90.18 |

Est. volume 2,481 (4,899)
Previous day's open int. 20,862 (20,081)

#### U.S. TREASURY BONDS
8% $100,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 74-22 | 74-26 | 74-16 | 74-15 |
| March | 73-16 | — | — | 73-09 |

Est. volume 1,618 (3,088)
Previous day's open int. 2,981 (2,956)

### CHICAGO

#### U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 74-17 | 74-27 | 74-15 | 74-20 |
| March | 73-12 | 73-21 | 73-09 | 73-14 |
| June | 72-10 | 72-18 | 72-09 | 72-12 |
| Sept | 71-11 | 71-16 | 71-09 | 71-12 |
| Dec | 70-14 | 70-14 | 70-14 | 70-15 |
| March | — | — | — | 69-21 |
| June | — | — | — | 68-29 |
| Sept | — | — | — | — |
| Dec | — | — | — | 67-19 |
| March | — | — | — | 67-01 |

#### U.S. TREASURY BILLS (IMM)
$1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 92.75 | 92.81 | 92.75 | 92.80 |
| March | 92.41 | 92.45 | 92.41 | 92.44 |
| June | 92.05 | 92.08 | 92.05 | 92.08 |
| Sept | 91.72 | 91.72 | 91.72 | 91.74 |
| Dec | — | — | — | 91.44 |
| March | — | — | — | 91.18 |
| June | 90.90 | 90.90 | 90.90 | 90.92 |
| Sept | 90.73 | — | 90.73 | 90.73 |

#### CERT. DEPOSIT (IMM)
$1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 91.98 | 91.99 | 91.97 | 91.97 |
| March | 91.58 | 91.61 | 91.58 | 91.58 |
| June | 91.21 | 91.22 | 91.21 | 91.18 |
| Sept | — | — | — | 90.82 |

#### THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

| | Latest | High | Low | Prev |
|---|---|---|---|---|
| Dec | 91.63 | 91.67 | 91.62 | 91.65 |
| March | 91.25 | 91.29 | 91.24 | 91.25 |
| June | 90.87 | 90.90 | 90.86 | 90.86 |
| Sept | 90.50 | 90.54 | 90.50 | 90.51 |
| Dec | 90.18 | 90.21 | 90.17 | 90.19 |
| March | 89.87 | 89.88 | 89.86 | 89.89 |
| June | 89.57 | 89.57 | 89.56 | 89.57 |
| Sept | 89.29 | 89.29 | 89.29 | 89.33 |

#### LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

| Strike price | Calls—Last Dec | Mar | June | Vol | Puts—Last Dec | Mar | June | Vol |
|---|---|---|---|---|---|---|---|---|
| 1.20 | 21.70 | 21.70 | 21.90 | — | 0.20 | 0.85 | 1.70 | — |
| 1.25 | 16.70 | 17.00 | 17.70 | — | 0.40 | 1.65 | 2.80 | — |
| 1.30 | 11.90 | 13.00 | 13.90 | — | 0.95 | 3.00 | 4.10 | — |
| 1.35 | 7.90 | 9.30 | 10.40 | — | 2.15 | 4.30 | 6.20 | — |
| 1.40 | 4.80 | 6.70 | 8.00 | 1 | 4.20 | 6.70 | 8.20 | 81 |
| 1.45 | 2.70 | 4.50 | 6.00 | 81 | 7.30 | 9.50 | 11.50 | 80 |
| 1.50 | 1.45 | 3.00 | 4.50 | 5 | 10.70 | 13.00 | 14.40 | — |

Previous day's open int: Calls 8,008, Puts 8,916

#### PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

| Strike price | Calls—Last Dec | Mar | June | Vol | Puts—Last Dec | Mar | June | Vol |
|---|---|---|---|---|---|---|---|---|
| 1.20 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 50 |
| 1.25 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 5 |
| 1.30 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 15 |
| 1.35 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 201 |
| 1.40 | [illegible] | [illegible] | [illegible] | 2,000 | [illegible] | [illegible] | [illegible] | 720 |
| 1.45 | [illegible] | [illegible] | [illegible] | 174 | [illegible] | [illegible] | [illegible] | — |
| 1.50 | [illegible] | [illegible] | [illegible] | 44 | [illegible] | [illegible] | [illegible] | [illegible] |

#### LIFFE EURODOLLAR OPTIONS
$1m points of 100%

| Strike price | Calls—Last Dec | Mar | June | Vol | Puts—Last Dec | Mar | June | Vol |
|---|---|---|---|---|---|---|---|---|
| 90.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — |
| 90.50 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — |
| 91.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | 2 |
| 91.50 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — |
| 92.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — |
| 92.50 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — |
| 93.00 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | — |

Previous day's open int: Calls 1,869, Puts 2,018

#### LIFFE £/$ OPTIONS
£25,000 (cents per £1)

| Strike Price | Calls—Last Dec | Mar | June | Vol | Puts—Last Dec | Mar | June | Vol |
|---|---|---|---|---|---|---|---|---|
| 1.20 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 1.25 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 1.30 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 1.35 | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| 1.40 | 4.54 | 6.74 | 7.88 | 70 | 3.38 | 6.99 | 8.84 | 430 |
| 1.45 | 2.47 | 4.68 | 5.85 | 47 | 6.92 | 9.93 | 11.80 | 550 |
| 1.50 | 1.21 | 3.13 | 4.34 | 66 | 10.66 | 13.38 | 15.19 | 10 |

Previous day's open int: Calls 7,980, Puts 14,415

## MONEY MARKETS

# Little reaction to poor money supply

London money market rates showed very little reaction to the UK money supply figures. The rise in sterling M3 to mid-September was above most forecasts, but the recent failure of the pound to fully benefit from the dollar's decline has set back any hopes of lower bank base rates, and there was therefore no sign of disappointment in the market. The only reaction was in the longer end of the interbank with 12-month rates firming by about 1/16 per cent. Three-month interbank was unchanged at 11 7/16-11 5/16 per cent. Discount houses buying rates for three-month bank bills rose to 11 13/32 per cent from 11 11/32 per cent.

The Bank of England forecast a money market shortage of £550m in the morning, but changed this to £500m in the afternoon, and provided total assistance of £481m.

Before lunch the authorities gave help of £118m, purchasing bills outright, by way of £1m bank bills in band 1 (up to 14 days' maturity) at 11⅞ per cent; £80m bank bills in band 2 (15-33 days) at 11 13/16 per cent; £14m bank bills in band 3 (34-63 days) at 11¾ per cent; and £23m bank bills in band 4 (64-91 days) at 11 11/16 per cent.

In the afternoon another £213m bills were bought outright, through £1m bank bills in band 1 at 11⅞ per cent; £201m bank bills in band 2 at 11 13/16 per cent; £7m local authority bills in band 3 at 11¾ per cent; and £4m bank bills in band 3 at 11¾ per cent.

Late assistance of around £150m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £462m, with Exchequer transactions absorbing £75m, and bank balances below target another £65m. These outweighed a fall in the note circulation adding £80m to liquidity.

It was also announced that the Bank of England is to renew the temporary facilities of around £1bn available to the banking system, due to expire on October 14. The funds, secured against gilt edged and other Government backed paper will be rolled over until November 18.

In Frankfurt the Bundesbank accepted bids of DM 11.1bn for funds available under a 35-day securities repurchase agreement. Banks bid for a total of DM 12.8bn, and the money has been made available at the minimum offered rate of 4.55 per cent.

UK clearing banks base lending rate 11½ per cent since July 30.

### MONEY RATES

**NEW YORK (Lunchtime)**

| | |
|---|---|
| Prime rate | 9½ |
| Broker loan rate | 8¾ |
| Fed funds | 7⅞ |
| Fed funds at intervention | 7⅞ |
| **Treasury Bills & Bonds** | |
| One month | 6.99 |
| Two month | 7.13 |
| Three month | 7.38 |
| Six month | 7.74 |
| One year | 8.06 |
| Two year | 8.96 |
| Three year | 9.33 |
| Four year | 9.67 |
| Five year | 9.87 |
| Seven year | 10.27 |
| 10 year | 10.40 |
| 30 year | 10.85 |

### MONEY RATES

| Oct. 8 | Over-night | One Month | Two Months | Three Months | Six Months | Lombard Interv'ntion |
|---|---|---|---|---|---|---|
| Frankfurt | 4.7-4.8 | 4.6-4.7 | 4.6-4.7 | 4.6-4.7 | 4.65-4.75 | 5.5 |
| Paris | 9-9⅛ | 9⅝-9½ | 9⅜-9½ | 9 7/16-9⅝ | 9½-9⅝ | 9½ |
| Zurich | 1⅞-2⅛ | 3 15/16-4 1/16 | — | 4⅛-4⅝ | — | — |
| Amsterdam | 5 11/16-5 13/16 | 5¾-5⅞ | — | 5 11/16-5⅞ | 5¾-5⅞ | — |
| Tokyo | 6.40625 | 6.46875 | 6.40625 | 6.40625 | — | — |
| Milan | 14¼-14½ | 13⅞-14¼ | — | 13¾-14¼ | — | — |
| Brussels | 6.95 | 8¾-9 | — | 9-9¼ | 9¼-9½ | — |
| Dublin | [illegible] | [illegible] | 9½-9⅝ | 9⅝-9¾ | 9⅞-10⅛ | — |

### FT LONDON INTERBANK FIXING

(11.00 a.m. Oct. 8)

| Three months U.S. dollars | | Six months U.S. dollars | |
|---|---|---|---|
| bid 8 1/8 | offer 8 1/4 | bid 8 1/4 | offer 8 3/8 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### LONDON MONEY RATES

| Oct. 8 | Over night | 7 days notice | Month | Three Months | Six Months | One Year |
|---|---|---|---|---|---|---|
| Interbank | 10-12½ | 11¼-12 | 11 11/16-11 9/16 | 11 7/16-11 5/16 | 11 7/16-11⅝ | 11 11/16-11 9/16 |
| Sterling CDs | — | — | 11⅝-11½ | 11 11/16-11 7/16 | 10 15/16-11 1/16 | 10 15/16-10 13/16 |
| LocalAuthorityDepos | 11¼-11⅞ | 11⅝-11¾ | 11 11/16 | 11½ | 11¼ | 11 1/16 |
| Local Author'y Bonds | — | — | 12 1/16 | 11 9/16 | 11⅝ | 11 7/16 |
| Discount Mkt Depos. | 10-11¾ | 11⅝-¾11 | 11¼ | 11 | 11 | — |
| Company Depos. | 11-12 | 11⅞-12 | 11⅞ | 11¾ | — | — |
| Finance Hse Depos. | — | — | 11 11/16 | 11 11/16 | 11 11/16 | 11 11/16 |
| Treasury Bills (Buy) | — | — | 11⅜ | 11⅛ | — | — |
| Bank Bills (Buy) | — | — | 11⅝ | 11 13/32 | 10 15/16-10⅝ | — |
| Fine Trade Bills (Buy) | — | — | 12 | 11 13/16 | 11 1/16 | — |
| Dollar CDs | — | — | 7.9-8.0 | 8.0-8.1 | 8.1-8.2 | 8.5-8.6 |
| SDR Linked Depos | — | — | 7⅝-7⅞ | 7¾-8 | 7⅞-8⅛ | 8 1/16-8 5/16 |
| ECU Linked Depos | — | — | 8 1/16-8 11/16 | 8⅝-8¾ | 8 11/16-8 13/16 | 8 13/16-8 15/16 |

Treasury Bills (sell): one-month 11 11/32 per cent; three-month 11 per cent. Bank Bills (sell): one-month 11 19/32 per cent; three-month 11 11/32 per cent. Treasury Bills: Average tender rate of discount 10.9850 per cent. ECGD Fixed Finance IV: September 4 to October 1 (inclusive): 11.597 per cent. Local authority and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 12 per cent from October 1 1985. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (ne*). Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 11½ per cent; one-three months 11½ per cent; three-six months 11¼ per cent; six-nine months 11¼ per cent; nine-12 months 11 per cent. Under £100,000 10¾ per cent from October 2. Deposits held under Series 5 11 per cent. Deposits withdrawn for cash 7½ per cent.



# London Clearing Banks' balances

## as at September 18 1985

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the London clearing banks and cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the monetary sector.

TABLE 1.

| AGGREGATE BALANCES | Total outstanding £m | £m | Change on month £m | £m |
|---|---|---|---|---|
| **LIABILITIES** | | | | |
| Sterling deposits: | | | | |
| UK monetary sector | 20,494 | | + 361 | |
| UK private sector | 65,286 | | + 713 | |
| UK public sector | 1,429 | | − 279 | |
| Overseas residents | 11,463 | | − 74 | |
| Certificates of deposit | 5,940 | | − 215 | |
| | | 104,593 | | + 507 |
| of which: Sight | | 39,691 | | + 176 |
| Time (inc. CD's) | | 64,902 | | + 330 |
| Foreign currency deposits: | | | | |
| UK monetary sector | 14,840 | | + 272 | |
| Other UK residents | 4,707 | | + 158 | |
| Overseas residents | 41,538 | | +2,111 | |
| Certificates of deposit | 5,721 | | + 55 | |
| | | 66,806 | | +2,595 |
| Total deposits | | 171,399 | | +3,102 |
| Other liabilities* | | 25,459 | | + 532 |
| TOTAL LIABILITIES | | 196,858 | | +3,634 |
| **ASSETS** | | | | |
| Sterling | | | | |
| Cash and balances with Bank of England | | 1,542 | | − 18 |
| Market loans: | | | | |
| Discount houses | 3,631 | | + 778 | |
| Other UK monetary sector | 18,914 | | − 108 | |
| UK monetary sector CD's | 2,698 | | − 263 | |
| Local authorities | 658 | | − 15 | |
| Other | 2,028 | | + 90 | |
| | | 27,930 | | + 482 |
| Bills: | | | | |
| Treasury bills | 110 | | − 38 | |
| Other bills | 2,290 | | − 21 | |
| | | 2,400 | | − 59 |
| Special deposits with Bank of England | | — | | — |
| Investments: | | | | |
| British Government stocks | 2,708 | | + 185 | |
| Other | 2,966 | | + 5 | |
| | | 5,674 | | + 190 |
| Advances: | | | | |
| UK private sector | 69,692 | | − 34 | |
| UK public sector | 264 | | − 99 | |
| Overseas residents | 2,626 | | + 17 | |
| | | 72,582 | | − 116 |
| Other sterling assets* | | 10,679 | | − 225 |
| Foreign currencies | | | | |
| Market loans: | | | | |
| UK monetary sector | 17,831 | | +1,157 | |
| Certificates of deposit | 602 | | − 13 | |
| Other | 28,973 | | + 934 | |
| | | 47,406 | | +2,078 |
| Bills | | 357 | | + 18 |
| Advances: | | | | |
| UK private sector | 5,772 | | + 458 | |
| UK public sector | 982 | | + 32 | |
| Overseas residents | 15,465 | | + 508 | |
| | | 22,219 | | + 998 |
| Other foreign currency assets* | | 6,069 | | + 285 |
| TOTAL ASSETS | | 196,858 | | +3,634 |
| Acceptances | | 3,493 | | − 412 |
| Eligible liabilities | | 76,508 | | + 105 |

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

| | TOTAL Out-standing £m | Change on month £m | BARCLAYS Out-standing £m | Change on month £m | LLOYDS Out-standing £m | Change on month £m | MIDLAND Out-standing £m | Change on month £m | NATIONAL WESTMINSTER Out-standing £m | Change on month £m | WILLIAMS & GLYN'S Out-standing £m | Change on month £m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **LIABILITIES** | | | | | | | | | | | | |
| Total deposits | 171,399 | +3,102 | 42,893 | +1,003 | 34,660 | + 500 | 31,902 | +1,403 | 56,968 | + 159 | 4,977 | + 36 |
| **ASSETS** | | | | | | | | | | | | |
| Cash and balances with Bank of England | 1,542 | − 18 | 503 | + 19 | 228 | − 14 | 276 | − 21 | 475 | + 3 | 60 | − 4 |
| Market loans: | | | | | | | | | | | | |
| UK monetary sector | 40,377 | +1,827 | 8,148 | + 678 | 7,868 | + 212 | 4,577 | + 868 | 18,867 | + 161 | 917 | − 92 |
| Other | 34,959 | + 734 | 9,017 | + 348 | 7,313 | − 29 | 7,511 | + 675 | 10,108 | − 262 | 1,010 | + 2 |
| Bills | 2,757 | − 41 | 674 | − 210 | 975 | + 67 | 453 | + 73 | 630 | + 23 | 25 | + 6 |
| British Government stocks | 2,708 | + 185 | 612 | + 33 | 698 | − 3 | 691 | + 80 | 637 | + 76 | 71 | — |
| Advances | 94,801 | + 883 | 26,017 | + 149 | 18,777 | + 446 | 18,133 | + 38 | 28,822 | + 112 | 3,052 | + 138 |

TABLE 3.

| INDIVIDUAL GROUPS OF BANKS | TOTAL | Change | BARCLAYS | Change | LLOYDS | Change | MIDLAND | Change | NATIONAL WESTMINSTER | Change | WILLIAMS & GLYN'S | Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ELIGIBLE LIABILITIES | 76,508 | + 105 | 21,357 | − 329 | 15,896 | + 242 | 13,586 | + 84 | 23,223 | + 98 | 2,440 | + 10 |

# LONDON SHARE SERVICE

## BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

| 1985 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 101 | 99 | Exch. 12½pc 1985 | 99 | | 12.26 | 11.78 |
| 101 | 99 | Exch. 11¼pc '86 | 100⅛ | – | 11.74 | 11.11 |
| 99¾ | 97 | Treas. 10pcCnv 1986 | 99 xd | – | 10.04 | 10.94 |
| 96½ | 92¼ | Treas 3pc 1986 | 96 | – | 3.11 | 9.11 |
| 100 | 97½ | Exch 10½pc Cv '86 | 99 | | 10.53 | 10.95 |
| 101⅞ | 99¾ | Treas 12pc 1986 | 100 | – | 11.93 | 11.01 |
| 98½ | 94⅛ | Treas 8½pc 1984-86‡‡ | 98 | | 8.64 | 10.63 |
| 105 | 102 | Exch. 14pc 1986 | 103 xd | – | 13.56 | 10.76 |
| 94½ | 87⅛ | Exch. 2½pc 1986 | 94 | + | 2.65 | 7.77 |
| 104 | 101¼ | Exch. 13¼pc 1987 | 102 | – | 12.87 | 10.66 |
| 99 | 96⅝ | Treas 10¼pcCv '87 | 99 | – | 10.31 | 10.63 |
| 93¼ | 85½ | Exch 2½pc 1987 | 93⅛ | ... | 2.69 | 7.84 |
| 100 | 96¼ | Exch. 10½pc 1987 | 99 | – | 10.51 | 10.56 |
| 95 | 89 | Funding 6½pc '85-87‡‡ | 95 xd | .... | 6.84 | 10.04 |
| 99 | 95½ | Treas 10pc 1987 | 99 | – | 10.10 | 10.63 |
| 91¼ | 84⅝ | Treas 3pc 1987 | 91 | .... | 3.28 | 8.23 |
| 102 | 99⅛ | Treas. 12pc 1987 | 102 xd | – | 11.71 | 10.68 |
| 95 | 90¼ | Treas 7¾pc 1985-88‡‡ | 94⅝ | – | 8.18 | 10.33 |
| 100 | 95⅛ | Exch 10½pc '88 | 99 xd | – | 10.51 | 10.62 |
| 98 | 93⅛ | Treas 9¾pc Cv '88 | 97⅞ | – | 9.96 | 10.66 |
| 87 | 80 | Transport 3pc '78-88 | 87⅛ | – | 3.45 | 8.37 |
| 97 | 91½ | Treas. 9½pc '88 | 97¼ xd | – | 9.78 | 10.64 |
| 102¼ | 97½ | Treas 11½pc 1989 | 102½ | – | 11.21 | 10.56 |
| 97 | 90¼ | Treas 9½pc Cnv. '89 | 97 xd | – | 9.79 | 10.55 |
| 83⅝ | 79 | Treas 3pc 1989 | 83⅛ | + | 3.61 | 8.50 |
| 99 | 94 | Treas 10½pc 1989 | 99½ | – | 10.55 | 10.64 |
| 98¼ | 92 | Exch 10pc 1989 | 98⅛ | – | 10.19 | 10.59 |
| 101⅛ | 95 | Exch 11pc 1989 | 101 | – | 10.87 | 10.62 |
| 86¼ | 79 | Treas 5pc 1986-89 | 86¼ xd | ... | 5.80 | 9.17 |
| 108 | 103⅛ | Treas 13pc 1990‡‡ | 108 | – | 11.99 | 10.46 |
| 101⅝ | 96 | Exch 11pc 1990‡‡ | 101 | – | 10.85 | 10.57 |
| 108¼ | 100¼ | Exch. 12½pc 1990 | 106⅞ | – | 11.70 | 10.54 |
| 79 | 75¼ | Treas. 3pc 1990 | 79 xd | + | 3.78 | 8.57 |
| 93 | 87¼ | Treas 8¼pc 1987-90‡‡ | 92¼ | .... | 8.90 | 10.22 |

### Five to Fifteen Years

### Over Fifteen Years

### Undated

### Index-Linked

## INT. BANK AND O'SEAS GOVT STERLING ISSUES

## CORPORATION LOANS

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## LOANS

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## FOREIGN BONDS & RAILS

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### Hire Purchase, Leasing, etc.

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## BUILDING, TIMBER, ROADS

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## DRAPERY & STORES—Cont.

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## ENGINEERING—Continued

## FOOD, GROCERIES, ETC

## HOTELS AND CATERERS

## HOTELS—Continued

## INDUSTRIALS (Miscel.)

## INDUSTRIALS—Continued

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 45 | 34 | Maclellan (P & W) 20p | 45xd | +1 | †1.7 | 2.3 | 5.4 | 9.3 |
| 77 | 46 | Magnolia Group | 74 | ...... | 2.6 | 3.0 | 5.0 | 9.0 |
| 48 | 28 | ‡Mainmet Hldgs 10p | 40 | +2 | — | — | — | ♦ |
| 402 | 202 | Man. Ship Can. £1 | 402 | ...... | 5.5 | 3.5 | 2.0 | 21.1 |
| 104 | 70 | Marley | 85 | ...... | 3.75 | 2.2 | 6.3 | 10.3 |
| 107 | 52 | Marling Ind. 10p | 94 | ...... | d1.5 | 5.1 | 2.3 | 12.0 |
| 82 | 36 | Marshall L'ry. 'A' | 78xd | ...... | †2.4 | 4.9 | 4.4 | 5.6 |
| 77 | 55 | Marshall's Universal | 59 | –1 | 2.0 | 1.4 | 4.8 | (18.7) |
| 86 | 78 | Do. 7½pcCnRedPf £1 | 82 | ...... | 7½% | — | 13.1 | — |
| £99 | £81 | Mathesons 7¾% | £99 | ...... | Q7¾% | 2.3 | 8.0 | — |
| 35 | 19 | Maxiprint 1p | 20 | ...... | — | — | — | — |
| 510 | 375 | Metal Box £1 | 495 | +15 | 17.25 | 3.1 | 5.0 | 7.4 |
| 170 | 110 | Metal Closures | 142 | +2 | 6.7 | 2.0 | 6.7 | 8.9 |
| 17 | 3 | ‡Metal Sciences 2½p | 8 | ...... | — | — | — | — |
| 104 | 79 | ‡Midland Marts | 80 | –2 | 4.0 | 2.1 | 7.1 | 9.6 |
| 83½ | 55½ | Mitchell Cotts | 66½ | ...... | 4.25 | ♦ | 9.5 | ♦ |
| 230 | 182 | Morgan Crucible | 195 | ...... | 18.0 | 1.6 | 6.0 | 13.3 |
| 32½ | 22 | ‡Morris (W) F.A. 20p | 28½ | –1½ | 90.5 | ♦ | 2.5 | ♦ |
| 131 | 91 | Moss (Robt.) 10p | 128 | –3 | 3.0 | 2.5 | 3.3 | 14.1 |
| 81 | 60 | Myson Grp 10p | 62 | –1 | g2.5 | 3.4 | 6.0 | 11.4 |
| 328 | 214 | ‡N M W Computers | 250 | –5 | b4.8 | 2.7 | 2.7 | 19.2 |
| 43 | 28 | Nash Inds. | 32 | ...... | ‡2.5 | 1.5 | ‡ | 7.4 |
| 48 | 16 | Neil & Spencer 10p | 19 | ...... | ♦— | — | — | 5.7 |
| 44 | 14½ | Newman Inds 10p | 29 | ...... | 20.3 | — | 1.5 | (33.7) |
| 45½ | 26 | Norton | 44½ | ...... | †1.17 | 4.5 | 3.8 | 8.6 |
| 189 | 146 | Norcros | 184 | ...... | 8.6 | 2.2 | 6.7 | 9.2 |
| 67 | 45 | Nu-Swift 5p | 53 | –2 | †3.0 | 1.9 | 8.2 | 8.4 |
| 114 | 68 | Oakwood Grp. | 111 | –3 | †b4.5 | 1.4 | 5.8 | (16.3) |

## LEISURE—Continued

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 210 | 177 | ‡Central TV N/V 50p | 205xd | –3 | 10.5 | 2.3 | 7.3 | 8.5 |
| 226 | 170 | Chrysalis | 225 | ...... | 5.6 | 2.6 | 3.6 | 14.6 |
| 52 | 7 | ‡Entertain Prod 5p | 14 | ...... | bd2.25 | 2.1 | 23.0 | 2.5 |
| 78 | 50 | Fairline Boats 10p | 74 | ...... | †2.63 | 2.6 | 5.1 | 10.5 |
| 369 | 228 | First Leisure £1 | 369 | ...... | †6.5 | 2.8 | 2.5 | 17.2 |
| 69 | 51 | GRA Group 5p | 59 | ...... | — | — | — | 78.8 |
| 32 | 25 | Grampian TVA 10p | 29 | ...... | h1.67 | ♦ | 8.2 | ♦ |
| 167 | 117 | HTV Non/Vtg. | 158 | –4 | 7.7 | ♦ | 7.2 | ♦ |
| 148 | 78 | Horizon | 78 | –5 | ♦4.4 | 3.6 | 8.1 | 3.9 |
| 184 | 90 | Insight | 148 | +4 | ♦†2.5 | 6.5 | 2.4 | 9.2 |
| 140 | 102 | Intl Leisure 10p | 110 | –3 | 4.8 | 3.1 | 6.2 | 6.0 |
| 232 | 115 | Juliana's Hldgs 2p | 125 | ...... | †2.0 | 1.8 | 2.0 | 20.5 |
| 300 | 217 | LWT | 285 | –2 | 14.4 | 2.3 | 7.2 | 8.6 |
| 38 | 25 | ‡Leisure Inv 10p | 36 | ...... | — | — | — | ♦ |
| 65 | 53 | Leisuretime Int 10p | 55 | ...... | †2.1 | 3.9 | 5.5 | 5.9 |
| 115 | 98 | ‡Lewmar | 105 | –2 | u2.63 | 3.0 | 3.6 | 13.0 |
| 183 | 153 | ‡Media Tech Int 20p | 175 | ...... | g2.58 | ♦ | 2.1 | ♦ |
| 205 | 124 | Mediamaster 10p | 200 | –5 | †4.85 | 2.6 | 3.5 | 13.5 |
| 280 | 175 | ‡Miss World 10p | 235 | ...... | 3.6 | 4.1 | 2.2 | 16.0 |
| 127½ | 70 | Nationwide Leisure | 76 | ...... | t3.75 | 2.5 | 7.0 | 6.7 |
| 39 | 15 | ‡Nimslo Int 20c | 16½ | ...... | — | — | — | — |
| 27 | 19½ | ‡Owners Abroad | 24½ | –¾ | 1.0 | 2.2 | 5.8 | 10.9 |
| 53 | 38 | Photax (Lon.) | 44 | ...... | — | — | — | — |
| 24½ | 20 | ‡P'dilly Radio N/V 5p | 20½ | –½ | 1.87 | 1.1 | 13.1 | 10.2 |
| 90 | 30 | ‡Pineapple Dnc St 10p | 58 | –3 | d1.5 | 1.2 | 4.3 | 26.9 |
| 300 | 183 | Pleasurama 5p | 293 | –2 | †‡4.6 | 3.7 | 2.2 | 17.4 |
| 150 | 109 | Do. 7pcCvCnRedPf | 145 | ...... | 7% | — | 6.9 | — |
| 96 | 77½ | ‡Pres Entertain 50p | 89 | ...... | u2.0 | 2.1 | 3.2 | 23.0 |

## MINES—Miscellaneous (continued)

| 1985 High | Low | Stock | Price | + or – | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 350 | 117 | ‡Centennial Min'ls. | 167 | ...... | — | — | — |
| 120 | 50 | ‡Colby Res Corp. | 52 | ...... | — | — | — |
| 550 | 287 | Cons. Murch. 10c | 380 | ...... | g08b½c | 3.9 | 7.5 |
| 40 | 24 | ‡Emmex Int. Ir10p | 30 | ...... | — | — | — |
| 215 | 115 | Hampton Areas 10p | 142 | ...... | 3.75 | 0.9 | 3.5 |
| 260 | 135 | ‡Highwood Res. | 145 | –15 | — | — | — |
| £22½ | £17¼ | Homestake Mining $1 | £17⅝ | +⅛ | Q20c | — | 0.8 |
| 310 | 155 | ‡McFinley Red Lake | 195 | ...... | — | — | — |
| 335 | 195 | ‡Mestco Explorations | 255 | –5 | — | — | — |
| 55 | 23 | ‡New Sabina Res C$1 | 36 | –2 | — | — | — |
| 375 | 215 | Northgate C$1 | 228 | ...... | — | — | — |
| 685 | 538 | RTZ | 550 | +3 | †20.0 | 2.8 | 5.3 |
| £145½ | £116½ | Do. 9½pcLn '95-2000 | £121 | ...... | Q9½% | 14.0 | (8.0) |
| 975 | 910 | ‡Tara Expln $1 | 936 | ...... | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed, dealings permitted under Rule 535(4)(a).
- ‡ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1985. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

| Stock | Price | + or – | Stock | Price | + or – |
|---|---|---|---|---|---|
| Albany Inv 20p | 98xd | ...... | Arnotts | 200 | ...... |
| Craig & Rose £1 | 700 | ...... | CPI Hldgs | 60 | +2 |
| Finlay Pkg. 5p | 54xd | ...... | Carroll Inds. | 127 | ...... |
| Higsons Brew | 235 | ...... | Dublin Gas | 75 | ...... |
| Holt (Jos) 25p | 730 | ...... | Hall (R. & H.) | 60½ | ...... |
| IoM Stm. £1 | 87 | ...... | Heiton Hldgs. | 21½ | +½ |
| IRISH | | | Irish Ropes | 45 | ...... |
| Fund 11¾% 1988 | £101¼xd | ...... | Jacob (W.& R.) | 92 | ...... |
| Nat. 9¾% 84/89 | £97½ | ...... | Unidare | 106 | +1 |
| Fin. 13% 97/02 | £109 | ...... | | | |

"Recent Issues" and "Rights" Page 38 (International Edition Page 32)

# LONDON STOCK EXCHANGE

## MARKET REPORT

# Gilt-edged lose ground following money supply figures

# Equities drift and index down 5.2

**Account Dealing Dates**
**Option**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Sept 16 | Sept 26 | Sept 27 | Oct 7 |
| Sept 30 | Oct 10 | Oct 11 | Oct 21 |
| Oct 4 | Oct 24 | Oct 14 | Nov 4 |

* "New-time" dealings may take place from 9.30 am two business days earlier.

London stock markets put on another lacklustre performance yesterday as investors continued to show a marked lack of enthusiasm. Leading equities dirfted lower again and Government stocks also showed an easier bias.

The money supply statistics for mid-September, indicating growth of 1¾ per cent in M3, proved a disappointment and prompted a further slight deterioration in the afternoon trend.

However, blue chip industrials did not move down far, sentiment being underpinned to a certain extent by rumours of a major bid in the offing—although once again, the two current prime candidates Distillers and Allied Lyons traded on a relatively quiet note. Imperial Group officially announced yesterday that it would not be joining any possible consortium bid for Allied Lyons.

Reflecting the early resilience in the leaders, the Financial Times Ordinary share index reduced a loss of 5.1 at the first calculation to one of only 1.1 at 2 pm before drifting off again after the money supply figures to close 5.2 off on balance at 1007.2 making a two-day fall of 9.3.

Meanwhile, British Electric Traction's offer for G. W. Sparrow encouraged a slightly boarder interest in other potential bid stocks. Most of the day's more noteworthy movements, however, resulted from company trading statements.

The disappointing money supply figures, although unsettling, failed to make much of an impression on Government securities. Already a fraction easier, medium- and long-dated stocks were marked down a further ⅛ to finish the day with falls of ½, while final losses in the shorts ranged to 3/16 and occasionally more. Quotations held steady at the lower levels in the late dealings.

### Banks quiet

The major clearers failed to gain inspiration from the U.S. plan to alleviate the world debt crisis. Irish Banks, firm on Monday on hopes of fresh developments concerning the debts of Insurance Corporation of Ireland, turned easier in the absence of further interest. Allied Irish softened a couple of pence to 160p and Bank of Ireland lost 5 to 340p.

Insurances displayed minor falls following a quiet trade. Refuge, a firm counter on Monday reflecting Bank of Nova Scotia's recently acquired stake, eased 3 to 377p.

Residential property developers Fairbriar made a disappointing market debut; the shares, offered for sale at 120p, opened at a 14p discount and drifted on lack of interest to settle at 104p.

Breweries, subdued throughout the session, received a late burst of excitement in Allied-Lyons which dipped to 275p on news that Imperial Group had elected not to join the intimated Elders-led consortium; Allied later staged a useful rally and finished only a net penny off at 285p as Elders stated that its offer could be on the table by October 17—some five days earlier than anticipated. Imps, down to 200p earlier, settled 3 off at 202p. Regionals again featured Matthew Brown which firmed 5 more to 443p, while demand in a relatively narrow market lifted Forshaws Burtonwood 25 to 460p.

Takeover speculation prompted a couple of bright features in the Building sector. French Kier moved ahead strongly on revived rumours of a bid from Trafalgar House and closed 12 higher at the day's best of 201p. TH, which already holds a 25 per cent stake in French Kier, slipped 4 to 348p. Irish building and property concern Abbey, on the receiving end of an unwelcome offer worth £19.5m from French Kier on Monday, added 3 more to 95p. Elsewhere, Meyer International traded actively amid speculation surrounding Adelaide Steamship's holding in the company and touched a year's high of 155p prior to closing a net 6 up at 153p. John Maunders continued to attract buyers in front of tommorrow's annual results and firmed 6 more to 138p, after 142, But Turriff, remained a depressed market in the wake of the poor half-year figres and lost 5 to 135p.

### Sears disappoint

Leading stores got off to an uneasy start following first-half profits from Sears which fell well short of most market estimates and led to widespread downgrading of profit forcasts by leading brokers. Sears finally settled 6 lower at 105p. Burton remained under pressure and dipped 5 more to 520p, while sellers also held sway in Harris Queensway, another 6 cheaper at 262p. Similar conditions prevailed in second line counters with losses of around 8 common to Dixons, 885p, and J. Hepworth, 218p. Our Price were marked 25 lower to 575p following a sizeable share placing by founding shareholders at around 555p per share.

Electricals featured Bowthorpe which were particularly volatile following the interim results; down to 311p in immediate reaction to the chairman's warning on second-half profits, the shares later staged a smart rally upon a closer examination of the figures and settled only 3 cheaper on balance at 327p. Elsewhere, Comcap improved a few pence to 223p after revealing increased interim profits, but Grosvenor eased 3 to 110p following virtually unchanged annual figures. Real Time Control attracted "cheap" buyers and hardened 5 to 85p, but other issues usually gave ground, where changed. USM-quoted Norbain slumped 35 to 230p, while Cambridge fell 21 to 215p. Whitworth Electric fell 4 to 93p as Suter disposed of its near-10 per cent stake in the company.

Firm Features in Engineering sector were few, but Porter Chadburn extended their recent upsurge and jumped a further 10 to a year's high of 277p still reflecting takeover speculation Bid rumours were also responsible for gains in Renold, 2½ higher at 65½ and Linread, a like amount up at 54p. Bullough, on the other hand, were persistently sold and settled 11 down at 199p while C. & W. Walker gave up 2 to 30p following the half-year figures.

Foods gave a lack-lustre performance. Recently firm Tate & Lyle drifted off to close 10 lower at 480p, while S. & W. Berisford gave up 5 to 170p. Northern Foods remained a dull market in the wake of a profits downgrading and shed 6 more to 262p. Retailers also went lower with a further bout of selling leaving Argyll 7 down at 328p Dee Corporation slipped 5 to 230p, while Kwik Save shed 4 to 222p, Slaters Food staged a useful rally in front of today's interim statement and closed 8 better at 148p.

Suggestions that its U.S. subsidiary Liggett and Myers may benefit from increased cigarette prices in the U.S. encouraged early support for Grand Metropolitan which touched 348p before closing 3 dearer in balance at 346p.

### Metal Box firm

With the notable exception of Metal Box, which met with a burst of buying interest and touched 500p before closing a net 15 up at 495p, the miscellaneous industrial leaders held close to overnight levels. Hanson Trust were a couple of pence dearer at 210p, after 211p, following news of its increased tender offer of $75 per share cash for SCM Corporation of the U.S. Beecham improved to 300p initially, but subsequently drifted off to close 2 cheaper at 296p. Secondary issues were highlighted by G. W. Sparrow which jumped to 72p before settling a net 18 higher at 66p following the share exchange, or 60p per share cash offer from BET, finally 5 better at 320p. Among those companies reporting figures, Christies International shed 12 to 243p on disappointment with the interim results and Fothergill and Harvey lost 6 to 156p for the same reason. Poor half-year figures clipped a penny from Peek Holdings at 20p, while the interim profits setback left Caparo Industries 2 down at 27p. NMW Computers settled 5 lower at 250p, after 235p, following lower mid-term profits. On a brighter note, Hunter firmed 4 to 142p in reply to the more-than-doubled interim profits, while Lawtex touched 110p before settling 3 dearer at 103p following the good annual results and proposed 100 per cent scrip issue.

Package holiday price war fears resurfaced following Cosmos' decision to broadly match Thomson Holidays' summer prices. Horizon were and proopsed 100 per cent scrip 5 to 78p, while International Leisure shed 3 to 110p. Elsewhere in the Leisure sector, Barr and Wallace Arnold Trust A firmed 5 to 123p following Press comment highlighting bid possibilities.

Motor and aircraft component manufacturers highlighted Armstrong Equipment which continued its recent re-rating and spurted 9 to 67p in response to the encouraging tenor of the chairman's annual review. Buyers also showed fresh enthusiasm for AE, finally 5 dearer at 131p.

Home Counties, 7 lower at 118p, continued to give ground in the wake of the acutely disappointing first-half figures and proposed title closures. Advertising agencies and related counters remained irregular. Lowe Howard-Spink continued to benefit from Press comment and hardened 3 for a two-day advance of 16 at 311p, but news of further boardroom departures left Good Relations 10 cheaper at 143p. Land and Continental Advertising firmed a couple of pence to 150p in reply to the sharply increased mid-term profits.

Leading Properties attracted revived demand after comment on buoyant city rents. Land Securities rose 5 to 314p, as did Hammerson A, to 460p, while MEPC and Great Portland Estates added a couple of pence to 310p and 168p respectively. London and Edinburgh gained 6 to 340p in response to the excellent interim results and confident statement. While Westminster and Country firmed 4 to 164p following increased annual profits.

Renewed talk of a commission war in the U.S. prompted initial weakness among money broking concerns; scattered support was evident at the lower levels, but falls still extended well into double-figures. Mercantile House down to 244p earlier, settled 17 cheaper on balance at 252p, while Mills and Allen International shed a similar amount to 335p, after 325p. Exco International, however, proved relatively resilient and, having dipped to 202p at the outset, quickly reverted to the overnight level of 207p.

### Falcon dip and rally

Interest in Oils focussed on the secondary issues, especially Falcon Resources which opened sharply lower at a 1985 low of 32p following adverse press comment on the interim statement before rallying to 43p and closing a net 3 lower at 40p. Other U.S. oil and gas explorers also gave ground. New London Oil dipped to 50p prior to ending the session 2 cheaper at 55p, while Aberdeen American Petroleum gave up 5 to 58p, the latter following news that the company had increased its stake in a number of U.S. oil and gas interests. Sun (UK) Royalty were an active market and touched extremes of 175p and 185p before settling a net 5 harder at 180p following news of the encouraging North Sea oil find in well 16/21a/S. Australian oils attracted sustained buying interest and were featured by Oil Search which jumped 6 to 34p reflecting favourable press comment and awaiting news of its Papua New Guinea drilling operation.

### Golds edge higher

South African sectors of mining markets remained locked in a narrow range. Business was again at a low level, but a steady bullion price—it closed a net $0.25 off at $326.25 an ounce—coupled with light buying interest ahead of the forthcoming closure of the Johannesburg market on Thursday for Kruger Day prompted a majority of minor gains throughout the list. The Gold Mines index responded with a 1.8 improvement to 289.2. The first major batch of quarterly reports from the South African gold mines—those of the constituents of the Gold Fields of South Africa group—had little effect on market sentiment.

Movements in the leading Golds were again restricted to ¼ or so in either direction but Randfontein were an exception and gave up a point to £53. On the other hand Western Holdings and Winkelhaak hardened ¼ to £18⅜ and £13¼ respectively.

Australian industrials maintained their upward momentum in overnight domestic markets but the mining sector continued to ease. Consequently, dealers in London were inclined to mark prices lower at the outset. Peko-Wallsend moved against the overall trend and advanced 8 more to 290p, while North Broken Hill were also wanted and hardened a shade to 125p. Other leading issues were a fraction lower or held steady in quiet trading.

## FINANCIAL TIMES STOCK INDICES

| | Oct. 8 | Oct. 7 | Oct. 4 | Oct. 3 | Oct. 2 | Oct. 1 | year ago |
|---|---|---|---|---|---|---|---|
| Government Secs | 84.02 | 84.16 | 84.31 | 84.08 | 84.06 | 83.96 | 80.76 |
| Fixed Interest | 89.86 | 89.89 | 89.85 | 89.75 | 89.73 | 89.62 | 84.71 |
| Ordinary ♥ | 1007.2 | 1012.4 | 1016.5 | 1010.9 | 1012.5 | 1004.8 | 866.2 |
| Gold Mines | 289.2 | 287.4 | 287.2 | 281.7 | 291.4 | 290.2 | 557.6 |
| Ord. Div. Yield | 4.72 | 4.71 | 4.69 | 4.71 | 4.58 | 4.75 | 4.88 |
| Earnings, Yld. % (full) | 11.55 | 11.52 | 11.47 | 11.54 | 11.23 | 11.62 | 11.65 |
| P/E Ratio (net) (*) | 10.72 | 10.74 | 10.79 | 10.73 | 11.03 | 10.66 | 10.29 |
| Total bargains (Est.) | 21,818 | 21,718 | 21,189 | 20,792 | 21,299 | 21,486 | 19,422 |
| Equity turnover £m. | — | 348.14 | 411.11 | 411.76 | 426.91 | 370.05 | 259.51 |
| Equity bargains | — | 19,881 | 18,797 | 18,518 | 18,120 | 17,991 | 16,609 |
| Shares traded (ml) | — | 179.5 | 209.5 | 222.8 | 211.8 | 189.3 | 141.4 |

♥ 10 am 1007.3. 1 am 1006.3. Noon 1009.7. 1 pm 1010.4. 2 pm 1011.3. 3 pm 1009.0. 4 pm 1009.2.
Day's High 1011.3. Day's Low 1007.2.
Basis 100 Govt Secs. 16/10/28. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/3/55. SE Activity 1974.
Latest Index 01-246 8026.
*Nil = 10.33.

### HIGHS AND LOWS

| — | 1985 High | 1985 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 84.31 (4/10) | 78.02 (28/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 89.89 (7/10) | 82.17 (28/1) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary | 1024.5 (22/1) | 911.0 (25/7) | 1024.5 (22/1/85) | 49.4 (26/6/40) |
| Gold Mines | 536.9 (15/4) | 280.1 (29/8) | 734.7 (15/2/83) | 43.5 (26/10/71) |

### S.E. ACTIVITY INDICES

| | Oct. 7 | Oct. 4 |
|---|---|---|
| Daily Gilt Edged Bargains | 141.6 | 152.6 |
| Equities Bargains | 129.8 | 121.8 |
| Equities Value | 703.7 | 831.0 |
| 5 day Average Gilt Edged Bargains | 138.2 | 134.7 |
| Equities Bargains | 120.9 | 118.9 |
| Equities Value | 795.5 | 767.0 |

## ACTIVE STOCKS YESTERDAY

Above average activity was noted in the following stocks yesterday.

| Stock | Closing price | Day's change |
|---|---|---|
| Bowthorpe | 327 | −3 |
| Christies Intl. | 243 | −12 |
| DRG | 191 | — |
| Duport | 47 | −1 |
| Falcon Resources | 40 | −3 |
| Grand Met. | 346 | +3 |
| Hanson Trust | 210 | +2 |
| Lon. & Edin. Trust | 340 | +6 |
| Maunders (J) | 138 | +6 |
| Metal Box | 495 | +15 |
| Sears | 105 | −6 |
| Sparrow (G.W.) | 66 | +18 |

## MONDAY'S ACTIVE STOCKS

ACTIVE STOCKS
Based on bargains recorded in Stock Exchange Official List.

| Stock | No. of changes | Mon. close | Day's change |
|---|---|---|---|
| Allied Irish Bk. | 17 | 162 | +19 |
| Exco Intl. | 14 | 207 | +2 |
| Slaters Food | 14 | 140 | −13 |
| Real Time Ctrl. | 13 | 80 | −25 |
| Thorn EMI | 13 | 367 | |
| ICI | 11 | 641 | −3 |
| Armstrong Eq. | 10 | 58 | +1 |
| BAT Inds. | 10 | 270 | −1 |
| Br. Aerospace | 10 | 425 | |
| Dee Corp. | 10 | 235 | −7 |
| Distillers | 10 | 423 | +1 |
| St. Ives | 10 | 375 | −8 |

## OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Oct 7 | Oct 18 | Jan 9 | Jan 20 |
| Oct 21 | Nov 1 | Jan 23 | Feb 3 |
| Nov 4 | Nov 15 | Feb 6 | Feb 17 |

*For rate indications see end of Unit Trust Service*

Stocks favoured for the call included BBA, Vosper, C. H. Bailey, Falcon Resources, Brekeley Exploration, Somportex, MK Electric, Ryan International, West Coast, Control Securities, Brunswick, Raglan Property Trust and Brengreen. No puts or doubles were reported.

## RISES AND FALLS YESTERDAY

| | Rises | Falls | Same |
|---|---|---|---|
| British Funds | 3 | 89 | 16 |
| Corpns Dom and Foreign Bonds | 2 | 7 | 73 |
| Industrials | 195 | 395 | 903 |
| Financial and Props | 58 | 110 | 390 |
| Oils | 18 | 30 | 79 |
| Plantations | 2 | 6 | 10 |
| Mines | 38 | 38 | 109 |
| Others | 55 | 73 | 72 |
| Totals | 371 | 748 | 1,651 |

## FT-ACTUARIES SHARE INDICES

**These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries**

EQUITY GROUPS & SUB-SECTIONS — Tue Oct 8 1985

Figures in parentheses show number of stocks per section

| | | Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (ACT at 30%) | Est. P/E Ratio (Net) | xd adj. 1985 to date | Mon Oct 7 Index No. | Fri Oct 4 Index No. | Thur Oct 3 Index No. | Year ago (approx.) Index No. |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (206) | [illegible] | | | | | | | | | |
| 67 | Insurance (Brokers) (7) | 1089.49 | −0.6 | 7.81 | 3.97 | 17.10 | 28.42 | 1096.02 | 1100.62 | 1109.58 | 851.13 |
| 68 | Merchant Banks (11) | 248.88 | −1.3 | — | 4.53 | — | 5.80 | 252.18 | 254.84 | 252.74 | 201.42 |
| 69 | Property (51) | 682.81 | +0.5 | 5.50 | 3.53 | 24.34 | 11.72 | 679.39 | 684.17 | 680.35 | 608.32 |
| 70 | Other Financial (24) | 283.83 | −0.7 | 10.58 | 5.82 | 11.65 | 10.37 | 285.79 | 286.36 | 280.86 | 252.28 |
| 71 | Investment Trusts (107) | 587.95 | −0.1 | — | 3.59 | — | 11.69 | 588.69 | 588.79 | 589.24 | 537.37 |
| 81 | Mining Finance (3) | 250.00 | +0.7 | 13.06 | 6.21 | 8.92 | 8.37 | 248.16 | 248.71 | 249.05 | 281.39 |
| 91 | Overseas Traders (14) | 567.02 | −0.8 | 13.65 | 7.03 | 8.72 | 24.01 | 571.48 | 572.37 | 571.27 | 599.38 |
| 99 | ALL-SHARE INDEX (739) | 633.53 | −0.3 | — | 4.58 | — | 16.67 | 635.65 | 637.94 | 634.02 | 535.44 |

| | Index No. | Day's Change | Day's High | Day's Low | Oct 7 | Oct 4 | Oct 3 | Oct 2 | Oct 1 | Year ago |
|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX | 1303.3 | −3.6 | 1307.5 | 1302.3 | 1306.9 | 1313.0 | 1305.3 | 1305.4 | 1296.0 | 1136.6 |

### FIXED INTEREST

| | PRICE INDICES | Tue Oct 8 | Day's change % | Mon Oct 7 | xd adj. today | xd adj. 1985 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 119.48 | −0.03 | 119.51 | — | 9.10 |
| 2 | 5-15 years | 134.10 | −0.23 | 134.40 | — | 10.43 |
| 3 | Over 15 years | 139.80 | −0.17 | 140.04 | — | 9.92 |
| 4 | Irredeemables | 153.26 | −0.27 | 153.67 | — | 8.90 |
| 5 | All stocks | 131.62 | −0.15 | 131.82 | — | 9.97 |
| 6 | Debentures & Loans | 113.96 | +0.02 | 113.94 | — | 8.47 |
| 7 | Preference | 82.54 | +0.19 | 82.38 | — | 5.44 |
| | BRITISH GOVERNMENT INDEX-LINKED STOCKS | | | | | |
| 8 | All stocks | 111.95 | −0.19 | 112.17 | — | 2.46 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Tue Oct 8 | Mon Oct 7 | Year ago (approx.) |
|---|---|---|---|---|---|
| | British Government | | | | |
| 1 | Low | 5 years | 9.82 | 9.80 | 11.18 |
| 2 | Coupons | 15 years | 10.08 | 10.05 | 10.52 |
| 3 | | 25 years | 10.09 | 10.06 | 10.07 |
| 4 | Medium | 5 years | 10.67 | 10.63 | 11.67 |
| 5 | Coupons | 15 years | 10.41 | 10.37 | 10.91 |
| 6 | | 25 years | 10.07 | 10.05 | 10.25 |
| 7 | High | 5 years | 10.75 | 10.70 | 11.67 |
| 8 | Coupons | 15 years | 10.54 | 10.51 | 11.07 |
| 9 | | 25 years | 10.20 | 10.18 | 10.36 |
| 10 | Irredeemables† | | 9.73 | 9.70 | 9.93 |
| 11 | Debs & | 5 years | 11.20 | 11.18 | 12.02 |
| 12 | Loans | 15 years | 11.14 | 11.14 | 11.88 |
| 13 | | 25 years | 11.08 | 11.09 | 11.74 |
| 14 | Preference† | | 11.87 | 11.89 | 13.07 |
| 15 | Inflation rate | 5% | 3.54 | 3.52 | 3.56 |
| 16 | | 10% | 3.36 | 3.34 | 3.37 |

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

## EUROPEAN OPTIONS EXCHANGE

| Series | | Nov. Vol. | Nov. Last | Feb. Vol. | Feb. Last | May Vol. | May Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GOLD C | $340 | 27 | 4 | 4 | 14 A | — | — | $326.70 |
| GOLD C | $360 | 5 | 1.60 | 32 | 6.30 | — | — | " |
| GOLD P | $320 | 128 | 3.70 | — | — | — | — | " |

TOTAL VOLUME IN CONTRACTS: 36,356
A=Ask B=Bid C=Call P=Put

## RECENT ISSUES

### EQUITIES

| Issue price p | Amount paid up | Latest Renunc. date | 1985 High | 1985 Low | Stock | Closing price p | + or − | Net Div. | Times covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 95 | F.P. | — | 103 | 98 | AMS Inds. 5p | 102 | +1 | b51.35 | 5.0 | 1.7 | 16.6 |
| — | F.P. | 9/10 | 7 | 6 | Bardsey Pfd. Ord. | 7 | | — | — | — | — |
| 188 | 100 | 1/11 | 148 | 117 | Britoil 10p | 132 | +2 | ε13.0 | 3.0 | 8.6 | 6.2 |
| 90§ | F.P. | — | 105 | 95 | ✠Colorgen Inc. $0.01 | 100 | | — | — | — | — |
| 125§ | F.P. | — | 135 | 130 | ✠Counter Products 5p | 130 | | bg1.75 | 3.7 | 1.9 | 6.3 |
| §88 | F.P. | — | 96 | 93 | ✠Cowells | 93 | −2 | bg2.6 | 2.6 | 4.0 | 13.6 |
| 75§ | F.P. | — | 76 | 71 | ✠Electronic Data 5p. | 71 | −2 | bg1.6 | 4.9 | 3.2 | 10.7 |
| 120 | F.P. | — | 106 | 104 | Fairbriar 10p. | 104 | | bg4.0 | 2.7 | 5.5 | 9.6 |
| ‖ ¶ | F.P. | 22/10 | 123 | 93 | Greenwich Resources | 95 | +2 | — | — | — | — |
| §94 | F.P. | 30/10 | 98 | 78 | ✠InfraRed $0.10 | 83 | −2 | Q2.1%c | — | 1.9 | — |
| §20 | F.P. | 27/9 | 29 | 25 | ✠Israel (Jack L.) 4p | 27 | | 60.5 | 2.3 | 2.6 | 25.0 |
| §62 | F.P. | 8/11 | 65 | 50 | ✠Just Rubber 10p | 55 | −3 | 61.74 | 5.9 | 4.5 | 22.2 |
| §79 | F.P. | 8/11 | 87 | 80 | ✠Kewill Systems 5p | 81 | | g1.2 | 4.3 | 2.1 | 15.8 |
| 100 | 50 | 13/11 | 47 | 43 | Nat. Home Loans 75p | 47 | | — | — | — | — |
| §180 | F.P. | 25/10 | 184 | 165 | ✠Questel 10p. | 170 | | bg4.0 | 3.8 | 3.4 | 12.8 |
| §95 | F.P. | — | 98 | 97 | ✠Radius 5p | 98 | | bg1.5 | 4.6 | 2.2 | 14.1 |
| ¶330 | F.P. | — | 383 | 348 | St. Ive's 10p | 368 | −7 | bg8.0 | 3.1 | 3.1 | 14.8 |
| • | F.P. | — | 17 | 15 | Vantage Secs. Wrnts | 16 | | — | — | — | — |

### FIXED INTEREST STOCKS

| Issue price £ | Amount paid up | Latest Renunc. date | 1985 High | 1985 Low | Stock | Closing price £ | + or − |
|---|---|---|---|---|---|---|---|
| 87.305 | £30 | — | 31½ | 29⅝ | Australia 9⅛% Ln. 2012 | 31¼ | −⅛ |
| §91.446 | £30 | 17/1 | 29¼ | 27½ | Bank of Greece 10¼% Ln. 2010 | 27⅝ | |
| §96.456 | £25 | 27/11 | 27⅝ | 25⅝ | Brixton Est. 10¾% 1st. Mort. Deb. 2026 | 27½ | −⅛ |
| §100 | £10 | — | 10¾ | 10⅜ | Eastbourne Water 11.2% Red. Deb. 2005-9 | 10¾ | |
| §98.324 | £40 | 3/12 | 43¾ | 40⅝ | Est. & Gen. Inv. 11¼% 1st Mort. Deb. 2018 | 43½ | −¼ |
| §97.617 | £25 | 31/1 | 27⅜ | 25¾ | Evans of Leeds 11% 1st. Mort. Deb. 2025 | 27¼ | −⅛ |
| 88.466 | £30 | 24/1 | 32 | 29⅝ | Intl. Bk. for Rec. & Dev. 9⅛% Ln. 2010 | 31½ | −⅛ |
| §100 | F.P. | — | 95 | 84½ | ✠Memory Comp. 7.8% Cnv. R. Pf 1994/8 | 94½ | |
| 100 | £50 | — | 50 | 47¾ | Nat. Home Loans 8% Cnv. Uns. Ln. 2006 | 48 | |
| — | F.P. | — | 100⅛ | 99{11/16} | Nationwide 11 1/16% Bds. 15/9/86 | 100 | |

### RIGHTS OFFERS

| Issue price p | Amount paid up | Latest Renunc. date | 1985 High | 1985 Low | Stock | Closing price p | + or − |
|---|---|---|---|---|---|---|---|
| DM198 | Nil | — | 90pm | 55pm | BASF A.G. DM 50 | 64pm | +½ |
| 48 | Nil | 22/11 | 17pm | 12½pm | Burns-Anderson 10p | 12½pm | −1½ |
| 85 | F.P. | 11/11 | 118 | 105 | City Site Estates | 115pm | |
| 165 | Nil | 6/11 | 33pm | 15pm | DRG | 26pm | |
| 210 | F.P. | 22/11 | 260 | 245 | Emess Lighting | 248 | −2 |
| 11 | F.P. | 11/11 | 11¼pm | 11pm | Greenfield Blacks 10p | 11pm | |
| 5 | Nil | 30/10 | 12pm | 3pm | Howard & Wyndham 5p | 12pm | +2 |
| 10 | Nil | 12/11 | ¼pm | ¼pm | ✠Humberside Elect. 20p | ¼pm | |
| 225 | Nil | — | 78 | 68 | ML Hldgs | 68 | −5 |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ‖ Allotment letters or fully paid. ‖‖ Introduction. ✠ Unlisted Securities Market. § Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

## NEW HIGHS AND LOWS FOR 1985

### NEW HIGHS (50)

**BRITISH FUNDS (2)**
Treas. 3pc 1989 · Treas. 3pc 1990
**BANKS (2)**
Comml. Bk. Wales · Deutsche Bank
**BREWERS (1)**
Forshaws Burtonwood
**BUILDINGS (5)**
French Kier · Meyer Intl. · Lovell (Y. J.) · Newarthill · Maunders (John)
**STORES (5)**
Brown (N.) · Kent (John) · Fine Art Dvlpts. · Top Value Inds. · Goodman Bros.
**ELECTRICALS (3)**
CAP · Thorpe (F. W.) · Thermal Scientific
**ENGINEERING (4)**
Camford Eng'g · Porter Chadburn · Linread · Renold
**FOODS (3)**
Carr's Milling · Home Farm · Greggs
**INDUSTRIALS (8)**
Abbey · Portals · Lawtex · Siebe · Lon. Midland Indl. · Sparrow (G. W.) · MY Dart · West's Group Intl.
**LEISURE (2)**
Scottish TV A · Zetters
**MOTORS (1)**
Armstrong Eqpt.
**PROPERTY (4)**
House Prop. Lond. · Slough Ests. 12½pc Ln. 2009 · Land Securities · Westminster & Country
**TEXTILES (2)**
Lowe (Robert H.) · Toray
**TRUSTS (5)**
Lowland Investment · Close Bros. · Throg. Sec. Growth · Parrish (J. T.) · Do. Cap.
**OILS (1)**
Burmah Oil
**MINES (2)**
Bond Corp. · Pelsart Resources NL

### NEW LOWS (44)

**AMERICANS (7)**
Alcoa · Insilco · Amax · Lockheed · Bellsouth · Southwestern Bell · Hospital Corp. Amer.
**CANADIANS (1)**
Bank of Nova Scotia
**BUILDINGS (1)**
Turriff Corp.
**CHEMICALS (2)**
Allied Colloids · Morley (R. H.)
**ELECTRICALS (9)**
Cambridge Elects. · Tunstall Telecom · Eurotherm Intl. · Unitech · Lec Refrigeration · Vitatron NV · Powerline Intl. · Xyllyx · Telecomputing
**FOODS (2)**
Glass Glover · Global
**INDUSTRIALS (7)**
Chamberlain Phipps · Protimeter · Gravebell · Standard Fireworks · ICC Oil · Wedgwood · Intereurope Tech.
**NEWSPAPERS (1)**
Home Counties
**PROPERTY (1)**
York Mount
**TRUSTS (3)**
Authority Invest. · Indl. Fin. & Inv. · Ex-Lands
**OILS (5)**
Aberdeen Am. Pet. · Lysander Petroleum · Carless Capel · Marinex Petroleum · Falcon Resources
**OVERSEAS TRADERS (1)**
Finlay (James)
**PLANTATIONS (1)**
Anglo-Indonesian
**MINES (3)**
East Rand Prop. · Afro-West Mining · Gold Fields S.A.

## LONDON TRADED OPTIONS

| Option | | Calls Oct. | Calls Jan. | Calls Apr. | Puts Oct. | Puts Jan. | Puts Apr. |
|---|---|---|---|---|---|---|---|
| B.P. (*548) | 500 | 52 | 67 | 77 | 1 | 7 | 14 |
| | 550 | 10 | 37 | 45 | 15 | 23 | 35 |
| | 600 | 1½ | 14 | 22 | 55 | 55 | 63 |
| Cons. Gold (*429) | 390 | 45 | 60 | 74 | 1½ | 6 | 12 |
| | 420 | 18 | 40 | 53 | 7 | 26 | 32 |
| | 460 | 4 | 20 | 32 | 38 | 44 | 52 |
| | 500 | 1½ | 9 | 17 | 74 | 74 | 77 |
| | 550 | 1½ | 5 | — | 124 | 124 | — |

| Option | | Calls Nov. | Calls Feb. | Calls May | Puts Nov. | Puts Feb. | Puts May |
|---|---|---|---|---|---|---|---|
| P. & O. (*425) | 360 | 72 | 82 | — | 1½ | 3 | — |
| | 390 | 43 | 56 | 62 | 3 | 8 | 12 |
| | 420 | 22 | 36 | 43 | 12 | 20 | 25 |
| | 460 | 3 | 9 | 15 | 38 | 40 | 47 |
| Racal (*144) | 130 | 20 | 26 | 34 | 3 | 7 | 10 |
| | 140 | 14 | 18 | 26 | 9 | 12 | 15 |
| | 160 | 6 | 12 | 18 | 22 | 24 | 24 |
| | 180 | 1 | 5 | 10 | 40 | 40 | 40 |

October 8 Total Contracts 8,149 Calls 5,638 Puts 2,511
*Underlying security price.

# WORLD STOCK MARKETS

## AUSTRIA

| Oct. 8 | Price Sch% | + or — |
|---|---|---|
| Creditanstalt | 386 | ...... |
| Goesser | 519 | —1 |
| Interunfall | 1,800 | ...... |
| Laenderbank | 330 | —10 |
| Perlmooser | 637 | +1 |
| Steyr-Daimler | 155 | —1 |
| Veitscher Mag | 590 | —20 |

## BELGIUM/LUXEMBOURG

| Oct. 8 | Price Frs. | + or — |
|---|---|---|
| B.B.L. | 2,160 | +10 |
| Banq. Gen Lux | 7,750 | +150 |
| Banq. Int. A. Lux | 7,350 | +50 |
| Bekaert B | 6,700 | —50 |
| Ciment CBR | 2,500 | —5 |
| Cockerill | 214 | —2 |
| Delhaize | 8,190 | +90 |
| EBES | 3,250 | —25 |
| Electrobel | 9,300 | —60 |
| Fabrique Nat | 2,040 | —5 |
| GB Inno BM | 4,220 | +15 |
| GBL (Brux) | 2,210 | —20 |
| Gevaert | 4,375 | +25 |
| Hoboken | 5,180 | ...... |
| Intercom | 2,445 | —10 |
| Kredietbank | 9,300 | ...... |
| Pan Hldgs. | 9,450 | ...... |
| Petrofina | 6,280 | +30 |
| Royale Belge | 13,125 | ...... |
| Soc. Gen. Banq. | 3,750 | +10 |
| Soc. Gen. Belge | 1,840 | —10 |
| Sofina | 7,640 | —10 |
| Solvay | 5,530 | +50 |
| Stanwick Intl. | 1,100 | ...... |
| Tractionel | 4,150 | —10 |
| UCB | 6,180 | +10 |
| Wagon Lits | 3,755 | —30 |

## DENMARK

| Oct. 8 | Price Knr % | + or — |
|---|---|---|
| Andelsbanken | 352 | +2 |
| Baltic Skand | 605 | +10 |
| CopHandelsbank | 311 | ...... |
| D. Sukkerfab | 500 | —5 |
| Danske Bank | 353 | ...... |
| De Danske Luft | 1,480 | ...... |
| East Asiatic | 259 | —2 |
| Forenede Brygg. | 1,075 | ...... |
| Forenede Damp. | 217 | +1 |
| GNT Hldg | 655 | ...... |
| I.S.S.B. | 525 | —14 |
| Jyske Bank | 735 | —5 |
| Novo Ind s | 1,255 | ...... |
| Privatbanken | 313 | —1 |
| Provinsbanken | 452 | ...... |
| Smidth (F.L) B | 324 | +2 |
| Sophus Berend | 1,105 | ...... |
| Superfos | 403 | ...... |

## FRANCE

| Oct. 8 | Price Frs. | + or — |
|---|---|---|
| Emprunt 4½% 1973 | 1,584 | +2 |
| Emprunt 7% 1973 | 8,055 | —15 |
| Accor | 345 | +4.5 |
| Air Liquide | 502 | —5 |
| BIC | 433 | —4 |
| Bongrain | 1,375 | +14 |
| Bouygues | 640 | +5 |
| BSN Gervais | 2,000 | +15 |
| CIT-Alcatel | 1,175 | +5 |
| Carrefour | 2,180 | —10 |
| Club Mediter'n | 411 | —6 |
| Cie Bancaire | 618 | ...... |
| Cofimeg | 288 | —1 |
| Damart | 1,646 | ...... |
| Darty | 1,345 | +13 |
| Dumex S.A. | 745 | ...... |
| Eaux (Cie Gen) | 577 | —2 |
| Elf-Aquitane | 180 | +3 |
| Essilor | 1,830 | +5 |
| Gen.Occidentale | 655 | ...... |
| Imetal | 74.7 | +0.7 |
| Lafarge Coppee | 473.1 | —0.9 |
| L'Oreal | 2,317 | +7 |
| Legrand | 2,090 | ...... |
| Maisons Phenix | 176 | +8 |
| Matra S.A. | 1,660 | +20 |
| Michelin B | 1,030 | +6 |
| Midi (Cie) | 2,927 | —23 |
| Moet-Hennessy | 1,770 | +32 |
| Moulinex | 54.9 | —4.2 |
| Nord Est | 105.5 | +0.8 |
| Pernod Rica | 638 | +2 |
| Perrier | 424.5 | +8.5 |
| Petroles Fra | 225 | ...... |
| Peugeot S.A. | 361 | +3 |
| Printemps Au | 264 | +4 |
| Radiotech | 316 | —2 |
| Redoute | 1,370 | +10 |
| Roussel-Uclaf | 1,368 | —2 |
| Sefimeg | 347 | +2 |
| SkisRossignol | 1,210 | —15 |
| Telemec Elect | 2,440 | +30 |
| Thomson CSF | 520 | +4 |
| Valeo | 219 | +1.5 |

## GERMANY

| Oct. 8 | Price Dm. | + or — |
|---|---|---|
| AEG-Telef | 171.5 | +14.5 |
| Allianz Vers | 1,655 | —5 |
| BASF | 244.2xr | +1.3 |
| Bayer | 233 | +0.5 |
| Bayer-Hypo | 439 | +1 |
| Bayer-Verein | 433 | —2 |
| BHF-Bank | 372 | +2 |
| BMW | 494 | ...... |
| Brown Boveri | 379 | —1 |
| Commerzbank | 244.9 | +1.4 |
| Cont'l. Gummi | 158.5 | ...... |
| Daimler-Benz | 989 | +12 |
| Degussa | 461 | +0.5 |
| D'sche Babcock | 174.5 | +0.6 |
| Deutsche Bank | 672.5 | +2.5 |
| Dresdner Bank | 318 | +3 |
| GHH | 197 | —1.5 |
| Hochtief | 795 | +10 |
| Hoechst | 234 | +1 |
| Hoesch Werke | 143.5 | —1.5 |
| Holzmann (P) | 610xd | ...... |
| Horten | 210 | —6 |
| Hussel | 392 | ...... |
| Karstadt | 269 | —13 |
| Kaufhof | 317 | —2.9 |
| KHD | 295.5 | —1.5 |
| Kloeckner | 81 | ...... |
| Linde | 568 | +6.5 |
| Lufthansa | 235 | +2 |
| MAN | 184 | —1 |
| Mannesmann | 232.9 | —0.6 |
| Mercedes Hld | 886 | +12 |
| Metallgesell | 298 | —2 |
| Muench Rueck | 1,865 | —45 |
| Nixdorf | 673 | —6 |
| Porsche | 1,295 | ...... |
| Preussag | 267.5 | —1.5 |
| Rhein West Elect | 216 | —4 |
| Rosenthal | 313 | —5 |
| Schering | 541.5 | +2.5 |
| Siemens | 615.5 | —1 |
| Thyssen | 151.7 | —0.8 |
| Varta | 255 | +3 |
| Veba | 251.5 | —1.5 |
| V.E.W. | 152.2 | —0.8 |
| Verein-West | 356 | ...... |
| Volkswagen | 332.3 | +0.3 |

## ITALY

| Oct. 8 | Price Lira | + or — |
|---|---|---|
| Banco Com'le | 25,500 | +380 |
| Bastogi-IRBS | 378.5 | +0.5 |
| B.I-Invest | 5,500 | ...... |
| Centrale | 3,710 | +25 |
| Credito Varesino | 6,200 | —90 |
| Fiat | 4,756 | —14 |
| Finsider | — | ...... |
| Generali Assicur | 63,450 | +1,250 |
| Italcementi | 50,000 | +1,026 |
| La Rinascente | 981 | —8 |
| Montedison | 2,351 | —19 |
| Olivetti | 7,500 | +90 |
| Pirelli Co | 5,999 | —100 |
| Pirelli Spa | 3,175 | —2 |
| Saipem | 6,999 | +39 |
| Snia BPD | 3,880 | +65 |
| Toro Assic | 20,310 | ...... |
| do Pref | 15,450 | —140 |

## NETHERLANDS

| Oct. 8 | Price Fls | + or — |
|---|---|---|
| ACF Holding | 224 | —0.5 |
| AEGON | 88.7 | +2.2 |
| Ahold | 249 | —1.8 |
| AKZO | 116.1 | —0.9 |
| ABN | 482xr | —1 |
| AMEV | 270 | +3.5 |
| AMRO | 83.9 | +0.1 |
| Bredero Cert | 156 | +4 |
| Bos Kalis Westm | 14.8 | +0.2 |
| Buehrmann-Tet | 97.5 | —1.5 |
| Calland Hldgs | 28.8 | —0.4 |
| Dordtsche Pet'm | 174 | —0.2 |
| Elsevier-NDU | 138 | —0.5 |
| Fokker | 67.8 | —3.5 |
| Gist Brocades | 213.2 | —2.8 |
| Heineken | 160.8 | —0.1 |
| Hoogovens | 58.5 | +0.8 |
| Int Mueller | 55.9 | +1.4 |
| KLM | 51.6 | +0.3 |
| Naarden | 45.7 | +0.7 |
| Nat Ned Cert | 70.7 | —0.1 |
| Ned Mid Bank | 194.5 | +3 |
| Nedlloyd | 182 | —0.5 |
| Oce Grinten | 359 | ...... |
| Ommeren (Van) | 25.7 | +0.2 |
| Pakhoed | 64 | ...... |
| Philips | 46.4 | +0.2 |
| Robeco | 75.8 | —0.2 |
| Rodamco | 134.8 | —0.3 |
| Rolinco | 68 | —0.8 |
| Rorento | 46.4 | ...... |
| Royal Dutch | 188.9 | +0.6 |
| Unilever | 320 | +2 |
| VMF Stork | 225 | +8 |
| VNU | 211 | —1.5 |
| Wessanen | 186 | —1.5 |
| West Utr Bank | 92.5 | —0.6 |

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

## NORWAY

| Oct. 8 | Price Kroner | + or — |
|---|---|---|
| Bergens Bank | 158 | +3 |
| Borregaard | 464 | +19 |
| Christiania Bank | 159.5 | +2 |
| DenNorske Cred | 159 | +1.5 |
| Elkem | 120.5 | ...... |
| Kosmos | 190 | +1 |
| Kvaerner | 175.5 | +3.5 |
| Norsk Data | 390 | +5 |
| Norsk Hydro | 125 | +2 |
| Storebrand | 281 | ...... |

## SPAIN

| Oct. 8 | Price Pts% | + or — |
|---|---|---|
| Bco Bilbao | 340 | ...... |
| Bco Central | 310 | ...... |
| Bco Exterior | 200 | ...... |
| Bco Hispano | 142 | ...... |
| Bco Popular | 350 | ...... |
| Bco Santander | 364 | ...... |
| Bco. Vizcaya | 460 | +8 |
| Dragados | 151 | +4 |
| Hidrola | 84 | —0.2 |
| Iberduero | 88.5 | —1.2 |
| Petroleos | 148.5 | +3.5 |
| Telefonica | 124.5 | —1.7 |

## SWEDEN

| Oct. 8 | Price Kronor | + or — |
|---|---|---|
| AGA | 129 | +1 |
| Alfa-Laval B | 200 | —4 |
| ASEA (Free) | 390 | ...... |
| Astra (Free) | 407 | ...... |
| Atlas Copco | 121 | +1 |
| Cardo (Free) | 218 | —2 |
| Cellulosa | 137 | ...... |
| Electrolux B | 145xc | +1 |
| Ericsson B | 210 | —3 |
| Esselte | 350 | —10 |
| Mo och Domsjo | 175 | —2 |
| Pharmacia | 174 | —3 |
| Saab Scania Free | 420 | ...... |
| Sandvik | 500 | ...... |
| Skandia | 244 | —6 |
| Skan Enskilda | 56 | —0.5 |
| SKF | 238 | ...... |
| Sonesson | 160 | —5 |
| St Kopparbergs | 156 | +1 |
| Sven Handlesbn | 179 | +1 |
| Swedish Match | 213 | +2 |
| Volvo B (Free) | 221 | +1 |

## SWITZERLAND

| Oct. 8 | Price Frs. | + or — |
|---|---|---|
| Adia Intl | 4,240 | +20 |
| Alusuisse | 700 | +11 |
| Bank Leu | 3,725 | +25 |
| Brown Boveri | 1,660 | +10 |
| Ciba Geigy | 3,170 | +40 |
| do. (Part Certs) | 2,550 | —10 |
| Credit Suisse | 2,885 | +5 |
| Elektrowatt | 3,510 | —20 |
| Fischer (Geo.) | 1,025 | ...... |
| Hoff-Roche PtCts | 96,250 | +1250 |
| Hoff-Roche 1/10 | 9,550 | +150 |
| Jacobs Suchard | 7,300 | +75 |
| Jelmoli | 3,175 | +100 |
| Landis & Gyr | 2,130 | +50 |
| Nestle | 7,390 | +266 |
| Oer-Buehrle | 1,450 | —10 |
| Pirelli | 370 | ...... |
| Sandoz (Br) | 8,150 | +100 |
| Sandoz (PtCts) | 1,420 | +10 |
| Schindler (Pt Cts) | 880 | ...... |
| Sika | 1,515 | —5 |
| Surveillance A | 5,440 | —10 |
| Swissair | 1,490 | +30 |
| Swiss Bank | 458 | +2 |
| Swiss Reinsce | 10,900 | +300 |
| Swiss Volksbk | 2,010 | ...... |
| Union Bank | 4,290 | +15 |
| Winterthur | 4,290 | +15 |
| Zurich Ins | 5,550 | +15 |

## AUSTRALIA

| Oct. 8 | Price Aust $. | + or — |
|---|---|---|
| ANZ Group | 5.14 | +0.04 |
| Alliance Oil Dev | 1.05 | ...... |
| Ampol Pet | 2.45 | ...... |
| Ashton | 1.02 | +0.02 |
| Aust. Cons. Ind | 2.81 | +0.01 |
| Aust. Guarantee | 2.84 | ...... |
| Aust. Nat. Inds | 2.74 | +0.04 |
| APM | 2.98 | +0.07 |
| Bell Group | 11.5 | +0.8 |
| Bell Res | 10.4 | +0.9 |
| Bond Corp Hldgs | 2.3 | +0.23 |
| Boral | 3.4 | —0.02 |
| Bougainville | 2.0 | +0.02 |
| Brambles Inds | 4.31 | +0.11 |
| Bridge Oil | 2.42 | —0.03 |
| B.H. Prop | 8.44 | —0.04 |
| CRA | 5.9 | —0.02 |
| CSR | 3.63 | +0.06 |
| CastlemaineTys | 8.0 | ...... |
| Coles (G.J.) | 4.30 | +0.02 |
| Comalco "A" | 2.0 | +0.05 |
| Consolidated Pet | 0.38 | —0.02 |
| Costain Aust | 2.02 | +0.02 |
| Dunlop Olympic | 2.8 | +0.07 |
| Elders IXL | 3.9 | ...... |
| Energ Res | 1.75 | +0.05 |

## AUSTRALIA (continued)

| Oct. 4 | Price Aust.$ | + or — |
|---|---|---|
| Gen. Prop. Trust | 2.05 | —0.03 |
| Hardie (James) | 3.75 | +0.1 |
| Hartogen Energy | 2.2 | ...... |
| Herald W'yTimes | 5.5 | +0.2 |
| ICI Aust | 2.2 | —0.04 |
| Jimberlana F.P. | 0.22 | ...... |
| Kia Ora Gold | 0.13 | ...... |
| Lend Lease | 6.8 | —0.1 |
| MIM | 2.56 | ...... |
| Mayne Nickless | 3.35 | —0.1 |
| Myer Emporium | 3.60 | +0.05 |
| Nat. Aust. Bank | 4.82 | —0.11 |
| News | 7.66 | ...... |
| Nicholas Kiwi | 2.3 | ...... |
| North Bkn Hill | 2.55 | +0.01 |
| Oakbridge | 1.4 | ...... |
| Pancontinental | 2.0 | —0.03 |
| Pioneer Cone | 2.4 | +0.07 |
| Poseidon | 4.0 | ...... |
| Queensland Coal | 1.49 | ...... |
| Reckitt & Colman | 4.0 | +0.1 |
| Repco | 1.4 | —0.02 |
| Santos | 5.64 | +0.16 |
| Smith (Howard) | 5.2 | ...... |
| Thos. Natwide | 2.4 | —0.01 |
| Tooth | 6.9 | +0.1 |
| Vamgas | 3.63 | +0.03 |
| Western Mining | 3.85 | —0.03 |
| Westpac Bank | 5.1 | ...... |
| Woodside Petrol | 1.38 | +0.01 |
| Woolworths | 3.38 | ...... |
| Wormald Intl. | 3.78 | +0.05 |

## HONG KONG

| Oct. 8 | Price H.K.$ | + or — |
|---|---|---|
| Bank East Asia | 21.6 | ...... |
| Cheung Kong | 18.8 | —0.1 |
| China Light | 16.1 | —0.1 |
| Evergo | 0.79 | —0.02 |
| Hang Seng Bank | 42.0 | —0.75 |
| Henderson Land | 2.25 | —0.05 |
| HK China Gas | 10.6 | —0.1 |
| HK Electric | 8.05 | ...... |
| HK Kowloon Wh. | 7.0 | ...... |
| HK Land | 6.5 | —0.1 |
| HK Shanghai Bk. | 7.0 | —0.2 |
| HK Telephone | 8.85 | +0.1 |
| Hutchison Wpa | 26.9 | —0.1 |
| Intnl. City | 0.97 | +0.09 |
| Jardine Math | 12.3 | +0.1 |
| New World Dev | 7.8 | —0.1 |
| Orient O'seas | 1.99 | ...... |
| SHK Props | 12.8 | —0.2 |
| Shell Elect | 1.01 | ...... |
| Swire Pac A | 24.8 | —0.1 |
| TV—B | 6.3 | —0.1 |
| World Int. Hldgs. | 2.15 | —0.02 |

## JAPAN

| Oct. 8 | Price Yen | + or — |
|---|---|---|
| Ajinomoto | 1,150 | —10 |
| All Nippon Air | 623 | +3 |
| Alps Electric | 1,250 | +20 |
| Asahi Chem | 780 | —24 |
| Asahi Glass | 800 | +7 |
| Bank Tokyo | 770 | +13 |
| Bridgestone | 550 | +5 |
| Brother Inds | 511 | —3 |
| Canon | 1,060 | +20 |
| Casio Comp | 1,640 | +20 |
| Daiei | 735 | —3 |
| Dia-Ichi Kan. Bk. | 1,600 | —30 |
| Dia Nippon Ink | 307 | +2 |
| Dai Nippon Ptg | 1,020 | ...... |
| Daiwa House | 955 | +10 |
| Daiwa Sec | 893 | —9 |
| Eisai | 1,290 | ...... |
| Fanuc | 5,920 | +160 |
| Fuji Bank | 1,540 | ...... |
| Fuji Film | 2,010 | +30 |
| Fujisawa | 852 | —4 |
| Fujitsu | 970 | +20 |
| Furukawa Elect. | 320 | ...... |
| Green Cross | 2,230 | —10 |
| Heiwa Real Est | 786 | —3 |
| Hitachi | 668 | +3 |
| Hitachi Credit | 1,100 | —40 |
| Honda | 1,120 | +20 |
| Indl. Bk. Japan | 1,850 | +30 |
| Ishikawajima Hr. | 202 | +1 |
| Isuzu Motors | 355 | —2 |
| Itoh (C) | 445 | ...... |
| Ito. Yokado | 5,000 | +160 |
| JAL | 6,200 | —40 |
| Jusco | 888 | +4 |
| Kajima | 552 | +2 |
| Kao Soap | 936 | —5 |
| Kawasaki Steel | 160 | +3 |
| Kirin | 760 | +1 |
| Kobe Steel | 227 | +2 |
| Komatsu | 571 | +5 |
| Konishiroku | 680 | ...... |
| Kubota | 402 | —2 |
| Kumagai | 820 | +5 |
| Kyocera | 3,390 | +70 |
| Marubeni | 383 | —7 |
| Marui | 1,550 | +40 |
| Mazda Motors | 400 | +1 |
| Meija Seika | 649 | —1 |
| MEI | 1,140 | +40 |
| M'bishi Bank | 1,490 | —10 |
| M'bishi Chem | 498 | ...... |
| M'bish Corp. | 650 | +5 |
| M'bishi Elect | 372 | —6 |
| M'bishi Estate | 1,090 | +30 |

## JAPAN (continued)

| Oct. 8 | Price Yen | + or — |
|---|---|---|
| MHI | 458 | +8 |
| Mitsui Bank | 1,150 | ...... |
| Mitsui | 473 | —2 |
| Mitsui Estate | 1,070 | +30 |
| Mitsui Toatsu | 238 | ...... |
| Mitsukoshi | 680 | ...... |
| Nikko Sec | 824 | +2 |
| Nippon Denso | 1,240 | +30 |
| Nippon Elect | 1,030 | +20 |
| Nippon Express | 687 | +17 |
| Nippon Gakki | 1,270 | —10 |
| Nippon Kogaku | 789 | +9 |
| Nippon Kokan | 151 | ...... |
| Nippon Oil | 780 | —3 |
| Nippon Seiko | 470 | +12 |
| Nippon Shimpan | 760 | —5 |
| Nippon Steel | 196 | +1 |
| Nippon Suisan | 386 | —5 |
| Nippon Yusen | 380 | +8 |
| Nissan Motor | 594 | +5 |
| Nisshin Flour | 480 | ...... |
| Nomura | 1,190 | —30 |
| Olympus | 1,010 | +10 |
| Onoda Cement | 345 | —2 |
| Orient Finance | 950 | +5 |
| Orient Leasing | 2,350 | ...... |
| Pioneer | 1,540 | —10 |
| Ricoh | 872 | +22 |
| Sankyo | 1,030 | —20 |
| Sanwa Bank | 1,350 | +10 |
| Sanyo Elect | 400 | +4 |
| Sapporo | 660 | +12 |
| Sekisui Prefab | 964 | +15 |
| Seven-Eleven | 8,100 | ...... |
| Sharp | 795 | +16 |
| Shimizu Constn | 437 | ...... |
| Shionogi | 751 | —20 |
| Shiseido | 1,130 | —10 |
| Showa Denko | 227 | —4 |
| Sony | 3,550 | +70 |
| S'tomo Bank | 1,740 | —10 |
| S'tomo Chem | 278 | +1 |
| S'tomo Corp | 619 | +9 |
| S'tomo Elect | 775 | +26 |
| S'tomo Metal | 150 | +2 |
| Taisei Corp | 410 | ...... |
| Taisho Marine | 640 | +4 |
| Taiyo Kobe Bank | 726 | —2 |
| Takeda | 900 | —5 |
| TDK | 3,890 | +60 |
| Teijin | 552 | +4 |
| Toa. Nenryo | 1,140 | ...... |
| Tokai Bank | 1,000 | ...... |
| Tokio Marine | 960 | —5 |
| Tokyo Elect Pwr | 2,530 | +40 |
| Tokyo Gas | 325 | +7 |
| Tokyu Corp | 585 | +8 |
| Toppan Print | 857 | +19 |
| Toray | 578 | +10 |
| Toshiba Elect | 376 | —2 |
| Toyo Seikan | 1,450 | —40 |
| Toyota Motor | 1,090 | —10 |
| UBE Inds | 245 | +1 |
| Victor | 1,370 | +50 |
| Yamaha | 670 | +14 |
| Yamaichi Sec | 771 | —6 |
| Yamazaki | 850 | +9 |
| Yasuda Fire | 610 | +4 |

## SINGAPORE

| Oct. 8 | Price $ | + or — |
|---|---|---|
| Boustead Hldgs | 1.57 | —0.01 |
| Cold Storage | 2.98 | ...... |
| DBS | 6.5 | +0.05 |
| Genting | 5.85 | ...... |
| Haw Par. Bros | 2.25 | ...... |
| Hong Leong Fin | 2.56 | +0.06 |
| Inchcape Bhd | 2.1 | ...... |
| Keppel Shipyard | 1.2 | —0.01 |
| Malay Banking | 5.7 | —0.05 |
| Malay Utd. Ind | 2.38 | —0.02 |
| Multi Purpose | 0.84 | ...... |
| OCBC | 8.2 | ...... |
| OUS | 2.75 | —0.03 |
| Public Bank | 1.41 | ...... |
| Sime Darby | 1.79 | ...... |
| Singapore Press | 6 | —0.01 |
| Straits Trdg. | 5.04xc | —0.04 |
| Tat Lee Bk | 2.6 | ...... |
| UOB | 3.52 | —0.04 |

## SOUTH AFRICA

| Oct. 8 | Price Rand | + or — |
|---|---|---|
| Abercom | 1.60 | ...... |
| AE&CI | 7.80 | +0.01 |
| Allied Tech | 65 | ...... |
| Anglo Am Coal | 55.5 | ...... |
| Anglo Am Corp | 32.50 | +0.25 |
| Anglo Am Gold | 180 | ...... |
| Barclays Bank | 17.5 | ...... |
| Barlow Rand | 11.05 | —0.05 |
| Buffels | 73 | +1 |
| CNA Gallo | 2.55 | ...... |
| Currie Finance | 4.15 | ...... |
| De Beers | 12.25 | ...... |
| Driefontein | 50.25 | ...... |
| FS Geduld | 58.75 | ...... |
| Gold Fields SA | 33.5 | ...... |
| Highveld Steel | 6.70 | ...... |
| Nedbank | 11.9 | —0.01 |
| OK Bazaars | 12.25 | +0.25 |
| Protea Hldgs | 2.07 | —0.28 |
| Rembrandt | 47 | ...... |
| Rust Plat | 21.1 | +0.6 |
| Safren | 13 | +0.15 |
| Sage Hldgs | 9.3 | ...... |
| SA Brews | 7.6 | ...... |
| Smith (CG) | 23.5 | ...... |
| Tongaat Hulets | 6.25 | ...... |
| Unisec | 5.10 | +0.30 |

# CANADA

### TORONTO
*Prices at 2.30pm October 8*

| Sales | Stock | High | Low | Close | Chng |
|---|---|---|---|---|---|
| 2781 | AMCA Int | $13⅞ | 13⅝ | 13⅝ | −⅜ |
| 500 | Aberford | $9 | 9 | 9 | +⅛ |
| 2812 | Abitibi Pr | $20⅞ | 20⅞ | 20⅞ | |
| 2400 | Agnico E | $19 | 19 | 19 | −⅛ |
| 2720 | Albrta En | $17½ | 17½ | 17½ | −¼ |
| 500 | Albrta N | $13¾ | 13¾ | 13¾ | |
| 55874 | Alcan | $34 | 33⅝ | 33¾ | −½ |
| 231 | Algo Cent | $20⅝ | 20⅝ | 20⅝ | −⅜ |
| 2948 | Algoma St | $18½ | 18½ | 18½ | −¼ |
| 5300 | Asamera | $12¼ | 12⅛ | 12⅛ | −¼ |
| 700 | Atco I f | $10⅛ | 10 | 10 | −⅛ |
| 2900 | BC Sugar A | $23½ | 23½ | 23½ | |
| 100 | BGR A | $7⅞ | 7⅞ | 7⅞ | −¼ |
| 805 | BP Canada | $31⅞ | 31⅝ | 31⅝ | −⅜ |
| 100 | Banister C | $9¼ | 9¼ | 9¼ | |
| 188795 | Bk BCol | 495 | 475 | 475 | −20 |
| 108468 | Bk Montl | $29⅝ | 29⅝ | 29⅝ | −⅜ |
| 257533 | Bk NScot | $12⅝ | 12⅝ | 12⅝ | −⅛ |
| 75808 | Barrick | 200 | 192 | 200 | +3 |
| 550 | Baton A f | $18¾ | 18¾ | 18¾ | −¼ |
| 53051 | Bell Can | $41½ | 41 | 41⅛ | −⅜ |
| 6248 | Bluesky | 345 | 345 | 345 | |
| 40350 | Bonanza R | 340 | 335 | 335 | |
| 15450 | Bow Valy | $14½ | 14¼ | 14¼ | −¼ |
| 65000 | Bralorne | 410 | 395 | 395 | −20 |
| 3500 | Bramalea | $16⅝ | 16¼ | 16¼ | −½ |
| 13133 | Brascan A | $33 | 32¾ | 32¾ | −¼ |
| 22500 | Brkwater | $7⅜ | 7¼ | 7¼ | |
| 2000 | Brenda M | $9 | 9 | 9 | −¼ |
| 8260 | BC ForP | $8¾ | 8¾ | 8¾ | −⅛ |
| 11850 | BC Res | 218 | 213 | 213 | −5 |
| 8702 | BC Phone | $23⅞ | 23⅝ | 23⅝ | −¼ |
| 3020 | Brunswk | $12⅝ | 12¼ | 12⅝ | +⅛ |
| 16935 | CAE | $16⅞ | 16⅛ | 16⅛ | −⅛ |
| 26200 | CCL B f | $15 | 14¾ | 14¾ | −¼ |
| 600 | Cad Frv | $12⅛ | 12 | 12 | −⅛ |
| 3200 | Cambridg | $18½ | 18½ | 18½ | +¼ |
| 13494 | Camp RLk | $32⅝ | 32⅛ | 32¼ | |
| 5778 | Camp Res | 290 | 280 | 285 | −5 |
| 915 | Camp Soup | $21⅞ | 21⅞ | 21⅞ | −⅛ |
| 82400 | Campeau f | $25⅛ | 25 | 25⅛ | −⅛ |
| 167 | CCem ex p | $10⅜ | 10⅜ | 10⅜ | |
| 410 | CDC f | $9⅝ | 9⅝ | 9⅝ | −¼ |
| 300 | Can Malt | $23½ | 23½ | 23½ | −½ |
| 5000 | C Nor West | $22 | 22 | 22 | −½ |
| 7126 | CanP Ent | $26½ | 26⅜ | 26⅜ | −½ |
| 100 | C Packrs | $34½ | 34½ | 34½ | +¼ |
| 300 | CPerm B | $24 | 24 | 24 | −½ |
| 1810 | CS Pete f | 415 | 415 | 415 | −10 |
| 4412 | Can Trust | $42⅝ | 42⅜ | 42½ | −¼ |
| 100 | CC Man Y | $27¾ | 27¾ | 27¾ | |
| 37360 | CI Bk Com | $36½ | 35⅞ | 36 | −½ |
| 3600 | C Marconi | $20¾ | 20¾ | 20¾ | +⅛ |
| 46933 | C Ocdental | $27 | 27 | 27 | −¼ |
| 91326 | CP Ltd | $16⅜ | 16⅛ | 16⅛ | −⅛ |
| 27251 | CTire A f | $9¼ | 9⅛ | 9⅛ | −⅛ |
| 8400 | CUtil A f | $16¾ | 16⅝ | 16¾ | |
| 400 | CUtil B | $16¾ | 16⅝ | 16¾ | |
| 3400 | Canfor | $8 | 8 | 8 | |
| 17700 | Canron A | $13⅝ | 13⅝ | 13⅝ | +⅛ |
| 10200 | Cara | $16⅛ | 16 | 16⅛ | +⅜ |
| 400 | Cara A f | $15¼ | 15¼ | 15¼ | |
| 5250 | Carl OK | $13¼ | 13⅛ | 13¼ | |
| 7127 | Carma A | 44 | 42 | 43 | +2 |
| 125 | Celanese | $8⅞ | 8⅞ | 8⅞ | −⅛ |
| 67850 | CentFd A | $6⅝ | 6⅛ | 6½ | −⅛ |
| 3158 | Centrl Tr | $14½ | 14⅛ | 14⅛ | −⅜ |
| 5000 | Chieftan | $9¾ | 9½ | 9¾ | |
| 800 | CHUM B f | $41 | 40¾ | 40¾ | −1 |
| 17986 | Cominco | $13 | 12⅞ | 12⅞ | |
| 600 | Computing | $12¼ | 12¼ | 12¼ | +¼ |
| 10425 | Comput In | 284 | 280 | 284 | −1 |
| 150 | Conterm | 195 | 195 | 195 | −5 |
| 2150 | Con Bath A | $15¾ | 15¼ | 15¼ | −½ |
| 12000 | CDistb B f | $6⅝ | 6⅛ | 6⅛ | −¼ |
| 4800 | Cons Gas | $23½ | 23¼ | 23½ | |
| 600 | Con Glass | $17⅝ | 17⅝ | 17⅝ | |
| 6900 | Conwst B | $8 | 8 | 8 | |
| 600 | Corby | $37¾ | 37¾ | 37¾ | −¼ |
| 1816 | C Falcon C | $15 | 14¾ | 14¾ | −⅜ |
| 3500 | Coseka R | 275 | 270 | 275 | −5 |
| 1780 | Crownx | $20½ | 20½ | 20½ | |
| 4400 | Crownx A f | $19⅛ | 19¾ | 19¾ | |
| 2850 | Czar Res | 220 | 215 | 215 | −2 |
| 13852 | Daon Dev | 380 | 375 | 380 | |
| 9900 | Denison A p | $13⅛ | 12⅞ | 12⅞ | −¼ |
| 16000 | Denison B f | $12⅝ | 12 | 12¼ | −¼ |
| 2900 | Develcon | $8¼ | 8⅛ | 8⅛ | −⅜ |
| 22530 | Dicksn A f | $7 | 6⅝ | 6⅝ | −¼ |
| 530 | Dicksn B | $6⅝ | 6⅝ | 6⅝ | −⅜ |
| 6869 | Dofasco | $24⅛ | 23¾ | 23¾ | −⅜ |
| 26487 | Dome Cda | $7⅝ | 7½ | 7⅝ | |
| 1650 | Dome Mine | $12¾ | 12⅝ | 12⅝ | |
| 24227 | Dome Pete | 268 | 265 | 266 | −5 |
| 800 | Domtar | $18⅝ | 18½ | 18⅝ | +⅛ |
| 200 | Du Pont A | $23 | 23 | 23 | +¼ |
| 116700 | Dylex A | $13⅜ | 13 | 13 | −⅜ |
| 10024 | Echo Bay | $18 | 17⅞ | 18 | |
| 2700 | Equity Svr | $7¾ | 7¾ | 7¾ | |
| 1460 | FCA Intl | $18¾ | 18⅜ | 18½ | |
| 67800 | Ficnbrdg | $17⅝ | 17½ | 17⅝ | −⅛ |
| 300 | Fed Ind A | $11½ | 11⅝ | 11⅝ | −⅛ |
| 200 | Finning A | $13½ | 13½ | 13½ | |
| 800 | Finning B f | $13 | 13 | 13 | −¼ |
| 980 | FCity Fin | $11¼ | 11¼ | 11¼ | −¼ |
| 100 | Ford Cnda | $137 | 137 | 137 | +1 |
| 4800 | Gandalf | $8⅝ | 8 | 8⅛ | −⅛ |
| 2060 | Gaz Metr | $11¼ | 11 | 11¼ | |
| 1800 | Geac Comp | $10⅛ | 10 | 10 | −⅛ |
| 3000 | Gendis A | $31¾ | 31¾ | 31¾ | |
| 19800 | Genstar L | $28⅜ | 28⅛ | 28⅛ | −⅜ |
| 29711 | Geocrude | 340 | 340 | 340 | |
| 100 | Giant Yk | $20½ | 20½ | 20½ | −½ |
| 1100 | Gibraltar | $8⅛ | 7⅞ | 7⅞ | −¼ |
| 6310 | Goldcorp f | $7⅞ | 7⅞ | 7⅞ | −¼ |
| 200 | Grafton A f | $13½ | 13½ | 13½ | |
| 6244 | GL Forest | $17¼ | 17⅛ | 17¼ | −¼ |
| 5200 | Greyhnd | $22⅝ | 22⅝ | 22⅝ | −¼ |
| 5700 | GuarPA f | $9¾ | 9⅝ | 9⅝ | −⅛ |
| 17359 | Gulf Can | $19⅞ | 19¾ | 19⅞ | |
| 200 | Hawker | $20 | 20 | 20 | −¼ |
| 1827 | Hayes D | $11½ | 11¼ | 11½ | +¼ |
| 2200 | Hees Intl | $20¾ | 20 | 20 | −¼ |
| 204 | H BayMn s | $6½ | 6½ | 6½ | |
| 2072 | H Bay Co | $25⅝ | 25⅜ | 25⅜ | −⅜ |
| 32500 | Husky Oil | $9½ | 9¼ | 9¼ | −⅜ |
| 3785 | Imasco | $24⅞ | 24⅝ | 24¾ | |
| 38715 | Imp Oil A | $50½ | 50 | 50 | −½ |
| 50080 | Inco | $16⅛ | 15¾ | 15¾ | −⅜ |
| 31800 | Indal | $15¾ | 15¾ | 15¾ | +⅛ |
| 500 | Inland Gas | $22⅛ | 22 | 22 | −¼ |
| 100 | Innopac | $14 | 14 | 14 | −⅛ |
| 13850 | Inter City | $15⅝ | 15½ | 15½ | −⅛ |
| 1100 | Intl Thom | $8⅞ | 8⅞ | 8⅞ | |
| 4555 | Intpr Pipe | $42½ | 42⅛ | 42½ | +⅛ |
| 6100 | Jannock | $16 | 16 | 16 | −⅛ |
| 7536 | Labatt | $27½ | 27¼ | 27½ | +⅛ |
| 55111 | LL Lac | $33¼ | 33 | 33 | −¼ |
| 11200 | Lacana | $11¼ | 11⅛ | 11¼ | |
| 25700 | Laidlaw A | $14½ | 14⅛ | 14⅛ | −⅜ |
| 142800 | Laidlw B f | $14 | 13⅜ | 13½ | −½ |
| 4200 | Leigh Inst | 310 | 305 | 310 | |
| 11616 | Loblaw Co | $20⅛ | 20 | 20 | −⅛ |
| 11350 | Lumonics | $17⅝ | 17¼ | 17½ | −⅛ |
| 14461 | Mclan H X | $13½ | 13⅜ | 13⅜ | |
| 400 | Mcln HY f | $12⅛ | 12⅛ | 12⅛ | −⅛ |
| 2375 | Macmilan | $17⅞ | 17⅝ | 17⅝ | −¼ |
| 28074 | Magna A f | $19 | 18¾ | 18¾ | −¼ |
| 300 | Maritime f | $14⅝ | 14⅝ | 14⅝ | |
| 55300 | Mark Spnc | $12¾ | 12½ | 12¾ | +¼ |
| 5260 | Mass Fer | 315 | 310 | 310 | −5 |
| 6100 | Mc Intyre | $36¾ | 36¾ | 36¾ | −¼ |
| 57900 | Mercantil | $11¼ | 11 | 11⅛ | +⅛ |
| 4300 | Merland E | 335 | 335 | 335 | |
| 500 | Mintl Res | 280 | 280 | 280 | |
| 25750 | Mitel Corp | $8⅝ | 8⅜ | 8⅝ | +⅛ |
| 28000 | Molson A f | $17⅞ | 17¾ | 17¾ | −⅛ |
| 400 | Molson B | $19 | 19 | 19 | +⅛ |
| 17800 | Moore | $25 | 24¾ | 24¾ | −⅜ |
| 34554 | Nat Bk Can | $19⅞ | 19½ | 19½ | −½ |
| 600 | Nt Vg Trco | $19¾ | 19⅝ | 19¾ | |
| 700 | Nfld LP A | $16⅞ | 16¾ | 16¾ | −⅛ |
| 1485 | Nfld Tel | $16⅛ | 16 | 16 | |
| 38626 | Noranda | $15⅛ | 14⅞ | 15 | |
| 4518 | Norcen | $15⅞ | 15½ | 15½ | −¼ |
| 1077 | Norcen ord f | $14⅝ | 14¼ | 14⅜ | |
| 15000 | NC Oils | $14¼ | 14 | 14¼ | +½ |
| 138166 | Nor Tel | $44½ | 43⅝ | 43¾ | −½ |
| 1000 | Northgat | 425 | 420 | 420 | −5 |
| 184554 | Nva AltA f | $6 | 5⅞ | 5⅞ | −⅛ |
| 27790 | Nu West | 42 | 40 | 40 | −1 |
| 2000 | Numac | $11⅝ | 11⅜ | 11⅜ | −½ |
| 1000 | Oakwood | $7⅝ | 7⅜ | 7⅜ | −⅛ |
| 16352 | Oakwd A f | $6⅝ | 6½ | 6½ | |
| 1650 | Omega Hyd | $7½ | 7½ | 7½ | −¼ |
| 3065 | Oshawa A f | $34⅛ | 34 | 34 | −½ |
| 7810 | PacW Airl | $13 | 12½ | 12½ | −¾ |
| 7000 | Pgurin A f | $9 | 8¾ | 8⅞ | |
| 15856 | Pamour | $9⅝ | 9¼ | 9½ | +½ |
| 4212 | PanCan P | $34¾ | 34½ | 34½ | |
| 1675 | Pegasus | $10¼ | 10⅛ | 10⅛ | |
| 475 | PJewl A f | $8½ | 8½ | 8½ | |
| 860 | Pine Point | $21¾ | 21½ | 21½ | −½ |
| 1249 | Placer D | $23 | 22¾ | 22¾ | −¼ |
| 6775 | Poco Pet | $8¼ | 8⅛ | 8⅛ | −⅛ |
| 3500 | Powr Cor f | $17¾ | 17½ | 17⅝ | −¼ |
| 120 | Precamb | 490 | 490 | 490 | |
| 500 | Provigo | $25½ | 25¼ | 25½ | −⅛ |
| 500 | Que Sturg | 435 | 435 | 435 | −5 |
| 70510 | Ranger | 460 | 450 | 455 | −10 |
| 100 | Rayrock f | $8½ | 8½ | 8½ | −⅛ |
| 1000 | Redpath | $12¾ | 12¾ | 12¾ | −⅛ |
| 8000 | Regionl R | 405 | 405 | 405 | −10 |
| 100 | Reitman A f | $22¾ | 22¾ | 22¾ | −¼ |
| 10403 | Rio Algom | $22¾ | 22⅝ | 22¾ | +¼ |
| 6950 | Rogers A | $9⅝ | 9½ | 9½ | −⅛ |
| 4185 | Rogers B f | $10¾ | 10½ | 10½ | −⅜ |
| 600 | Roman | $11 | 10¾ | 10¾ | −¼ |
| 102063 | Royal Bnk | $30⅜ | 29¾ | 29⅞ | −⅝ |
| 3100 | RyTrco A | $20¼ | 20⅛ | 20⅛ | −⅛ |
| 50337 | Royex | 283 | 278 | 278 | −7 |
| 700 | StL CemA f | $18⅝ | 18⅝ | 18⅝ | |
| 800 | Sceptre | $5⅛ | 5 | 5 | −⅛ |
| 15140 | Scotts f | $27 | 27 | 27 | |
| 22586 | Seagram | $55⅛ | 55 | 55¼ | −⅛ |
| 24790 | Sears Can | $9⅝ | 9⅝ | 9⅝ | +⅛ |
| 39734 | Shell Can | $24⅛ | 23¾ | 24 | −¼ |
| 6220 | Sherritt | $7⅝ | 7⅝ | 7⅝ | −⅛ |
| 775 | Southm | $13⅛ | 13 | 13 | −⅛ |
| 6281 | Spar Aero f | $25¼ | 25⅛ | 25¼ | −¼ |
| 1050 | St Brodcst | $22 | 22 | 22 | |
| 600 | Steinbg A f | $25½ | 25¼ | 25⅜ | +⅛ |
| 30390 | Stelco A | $20 | 19⅞ | 20 | |
| 34800 | Sulpetro | 205 | 202 | 205 | −5 |
| 12160 | Teck B f | $14⅛ | 14 | 14 | −⅛ |
| 1941 | Terra Mn | 310 | 310 | 310 | |
| 700 | Texaco Can | $31⅝ | 31¼ | 31¼ | −½ |
| 14944 | Thom N A | $21 | 20⅞ | 21 | +⅛ |
| 71473 | Tor Dm Bk | $22 | 21 | 21½ | −½ |
| 2985 | Tor Sun | $22¼ | 22⅛ | 22⅛ | −⅜ |
| 2500 | Torstar B f | $27⅜ | 27¼ | 27¼ | −⅛ |
| 9700 | Total Pet | $20¼ | 20 | 20 | −¼ |
| 600 | Traders A f | $22½ | 22½ | 22½ | |
| 3854 | TrCan R A | 218 | 215 | 215 | −8 |
| 6980 | TrnAlta UA | $25⅝ | 25¼ | 25⅝ | |
| 19406 | TrCan PL | $25⅜ | 25 | 25 | −⅜ |
| 141115 | Trilon A | $20¼ | 20 | 20 | −¼ |
| 18975 | Trimac | 345 | 315 | 315 | −25 |
| 200 | Trizec B | $26 | 26 | 26 | |
| 5420 | Ulster P | 150 | 149 | 150 | |
| 300 | Un Carbid | $13 | 12¾ | 12¾ | −¼ |
| 8136 | U Entprise | $12⅛ | 12 | 12⅛ | |
| 38500 | U Canso | 90 | 90 | 90 | −2 |
| 2400 | Versil A f | 425 | 425 | 425 | |
| 21294 | Versil B | 430 | 430 | 430 | |
| 1400 | Vestgron | $5¾ | 5¾ | 5¾ | +⅛ |
| 2500 | Vulcan Ind | 240 | 227 | 227 | −21 |
| 950 | Wajax A | $15½ | 15¼ | 15¼ | +¼ |
| 34084 | Walker R | $31 | 30½ | 30½ | −⅜ |
| 400 | Welburne | $14⅝ | 14⅝ | 14⅝ | |
| 13850 | Wcoast T | $16⅝ | 16⅝ | 16⅝ | −⅜ |
| 1060 | Westmin | $13 | 13 | 13 | −¼ |
| 2300 | Weston | $86 | 85½ | 85½ | −½ |
| 115045 | Woodwd A | $19⅝ | 19⅝ | 19⅝ | −⅛ |
| 1500 | Yk Bear | $7⅞ | 7¾ | 7¾ | −⅛ |

F—No voting rights or restricted voting rights.

### MONTREAL
*Closing prices October 7*

| Sales | Stock | High | Low | Close | Chng |
|---|---|---|---|---|---|
| 9402 | Bank Mont | $29¾ | 29½ | 29⅝ | +⅛ |
| 346 | BombrdrA | $13½ | 13¼ | 13¼ | −¼ |
| 2000 | BombrdrB | $13⅛ | 13 | 13 | |
| 2340 | CB Pak | $22⅛ | 21⅞ | 22⅛ | |
| 19199 | Cascades | $10⅞ | 10¾ | 10⅞ | |
| 900 | ConBath | $15¾ | 15¼ | 15¾ | +½ |
| 1504 | DomTxtA | $10¾ | 10½ | 10¾ | +⅛ |
| 8700 | Gaz Metro | $11¼ | 10¾ | 11⅛ | +½ |
| 500 | MntTrst | $14⅞ | 14⅞ | 14⅞ | |
| 53547 | NatBk Cda | $20⅛ | 19¾ | 19⅞ | −⅜ |
| 14160 | Power Corp | $17¾ | 17½ | 17¾ | +⅛ |
| 4356 | Royal Bank | $30½ | 30¼ | 30⅜ | |
| 424 | RoyTrstco | $20⅛ | 20⅛ | 10⅛ | −⅛ |

# Indices

## NEW YORK-DOW JONES

| | Oct 8 | Oct 7 | Oct 4 | Oct 3 | Oct 2 | Oct 1 | 1985 High | 1985 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 1,323.83* | 1,324.37 | 1,328.74 | 1,333.11 | 1,333.67 | 1,340.85 | 1359.54 (19/7) | 1184.88 (4/1) | 1359.54 (19/7/85) | 41.22 (2/7/32) |
| Transport | 641.83* | 642.32 | 647.24 | 649.11 | 647.24 | 653.88 | 702.6 (17/7) | 553.83 (4/1) | 702.60 (17/7/85) | 12.32 (8/7/32) |
| Utilities | 153.88* | 154.88 | 155.18 | 154.19 | 153.78 | 152.13 | 160.91 (12/7) | 146.54 (4/1) | 160.91 (12/7/85) | 10.5 (28/4/42) |
| Trading vol | | | 101.1m | 127.5m | 147.3m | 138.2m | — | — | — | — |

| | Sept 26 | Sept 20 | Sept 13 | Year Ago (Approx) |
|---|---|---|---|---|
| Ind Div Yield % | 4.66 | 4.74 | 4.71 | 4.78 |

### STANDARD AND POORS

| | Oct 8 | Oct 7 | Oct 4 | Oct 3 | Oct 2 | Oct 1 | 1985 High | 1985 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 202.80* | 203.83 | 204.52 | 206.16 | 205.85 | 207.28 | 215.83 (19/7) | 128.24 (4/1) | 215.83 (19/7/85) | 3.62 (30/6/32) |
| Composite | 181.71* | 181.87 | 183.22 | 184.36 | 184.87 | 185.07 | 195.65 (17/7) | 163.68 (4/1) | 195.65 (17/7/85) | 4.40 (1/6/32) |

| | Sept 25 | Sept 18 | Sept 11 | Year Ago (Approx) |
|---|---|---|---|---|
| Ind div yield % | 3.88 | 3.86 | 3.79 | 3.95 |
| Ind. P/E Ratio | 12.13 | 12.28 | 12.41 | 10.79 |
| Long Gov Bond Yield | 10.51 | 10.86 | 10.73 | 12.28 |

### N.Y.S.E. ALL COMMON

| Oct 8 | Oct 7 | Oct 4 | Oct 3 | 1985 High | 1985 Low |
|---|---|---|---|---|---|
| 105.12* | 105.25 | 105.85 | 106.52 | 113.47 (17/7) | 94.60 (4/1) |

### RISES AND FALLS

| | Oct 8 | Oct 4 | Oct 3 |
|---|---|---|---|
| Issues traded | 1,868 | 1,949 | 1,973 |
| Rises | 563 | 626 | 777 |
| Falls | 842 | 844 | 703 |
| Unchanged | 463 | 479 | 483 |

### New York Active Stocks

| | Stocks Traded | 3.00p.m. Price | Change on Day |
|---|---|---|---|
| Beatrice Co | 3,725,000 | 41½ | +2 |
| Am Med Int | 1,894,600 | 18⅝ | +⅞ |
| Hewlt-Pack | 1,216,500 | 29⅝ | −1⅛ |
| Monsanto | 1,084,900 | 42⅛ | +1 |
| Vestron Inc | 1,080,900 | 13 | unch |
| Gould Inc | 999,400 | 35⅞ | +⅞ |
| SCM | 981,100 | 72⅞ | +⅜ |
| TRW | 862,900 | 88⅝ | −½ |
| ATT | 856,700 | 21⅛ | +⅛ |
| Digital Eq | 849,900 | 103¾ | −3⅛ |

Advances 588 Declines 868

| TORONTO | Oct 8 | Oct 7 | Oct 4 | Oct 3 | 1985 High | 1985 Low |
|---|---|---|---|---|---|---|
| Metals & Minls. | 1,843.5* | 1,867.8 | 1,861.58 | 1,868.9* | 2198.7 (13/2) | 1839.3 (8/1) |
| Composite | 2,828.8* | 2,858.2 | 2,846.32 | 2,854.4* | 2819.8 (30/8) | 2348.5 (8/1) |
| MONTREAL Portfolio | 127.31* | 128.67 | 128.82 | 128.52* | 138.33 (19/7) | 117.88 (4/1) |

* Indicates pre-close figure

| | Oct 8 | Oct 7 | Oct 4 | Oct 3 | 1985 High | 1985 Low |
|---|---|---|---|---|---|---|
| **AUSTRALIA** | | | | | | |
| All ord. (1/1/80) | 1017.6 | 1017.0 | 1011.8 | 1008.5 | 1017.6 (8/10) | 715.3 (7/1) |
| Metals & Mins. (1/1/80) | 529.2 | 530.5 | 538.5 | 517.4 | 583.8 (20/5) | 382.5 (7/1) |
| **AUSTRIA** | | | | | | |
| Credit Aktien (2/1/62) | 100.82 | 103.34 | 100.85 | 101.08 | 105.73 (17/8) | 85.21 (2/4) |
| **BELGIUM** | | | | | | |
| Brussels SE (1/1/80) | 2522.77 | 2525.85 | 2514.20 | 2498.67 | 2525.85 (7/10) | 2090.7 (18/1) |
| **DENMARK** | | | | | | |
| Copenhagen SE (3/1/83) | u | 225.9 | 228.31 | u | 228.31 (4/10) | 158.44 (8/1) |
| **FRANCE** | | | | | | |
| CAC General (31/12/82) | 205.4 | 205.0 | 205.9 | 208.5 | 233.1 (31/5) | 180.9 (3/1) |
| Ind Tendance (28/12/84) | 115.8 | 115.1 | 115.2 | 116.8 | 130.4 (31/5) | 100.1 (3/1) |
| **GERMANY** | | | | | | |
| FAZ Aktien (31/12/58) | 544.92 | 545.31 | 541.02 | 541.70 | 545.31 (7/10) | 382.39 (3/1) |
| Commerzbank (1/12/53) | 1602.9 | 1604.9 | 1592.2 | 1592.2 | 1604.9 (7/10) | 1111.8 (3/1) |
| **HONG KONG** | | | | | | |
| Hang Seng Bank (31/7/64) | 1608.53 | 1617.78 | 1587.44 | 1581.07 | 1711.51 (19/8) | 1220.74 (2/1) |
| **ITALY** | | | | | | |
| Banca Comm. Ital. (1972) | u | 411.3 | 411.23 | 410.04 | 411.3 (7/10) | 228.56 (2/1) |
| **JAPAN**** | | | | | | |
| Nikkei-Dow (16/5/49) | 12835.21 | 12782.0 | 12713.83 | 12700.86 | 13040.10 (8/7) | 11545.2 (5/1) |
| Tokyo SE New (4/1/68) | 1029.0 | 1025.20 | 1026.33 | 1024.50 | 1057.55 (10/7) | 916.93 (4/1) |
| **NETHERLANDS** | | | | | | |
| ANP-CBS General (1970) | 208.8 | 210.2 | 212.4 | 214.4 | 223.0 (3/9) | 185.6 (3/1) |
| ANP-CBS Indust (1970) | 183.5 | 185.5 | 187.8 | 189.1 | 194.1 (3/9) | 147.9 (3/1) |
| **NORWAY** | | | | | | |
| Oslo SE (4/1/83) | 376.46 | 373.65 | 371.87 | 373.42 | 378.46 (8/10) | 268.18 (2/1) |
| **SINGAPORE** | | | | | | |
| Straits Times (1966) | 780.72 | 783.58 | 787.40 | 785.72 | 852.65 (7/3) | 717.95 (15/7) |
| **SOUTH AFRICA** | | | | | | |
| JSE Gold (28/9/78) | u | 1048.8 | 1048.5 | 1029.7 | 1140.8 (15/4) | 829.3 (5/8) |
| JSE Indust (28/9/78) | u | 971.8 | 888.9 | 987.1 | 1036.8 (17/7) | 787.1 (7/3) |
| **SPAIN** | | | | | | |
| Madrid SE (28/12/84) | 115.75 | 115.75 | 114.74 | 113.32 | 117.41 (4/2) | 101.48 (2/1) |
| **SWEDEN** | | | | | | |
| Jacobson & P (1/58) | 1374.21 | 1375.35 | 1370.51 | 1368.50 | 1488.88 (11/2) | 1285.32 (9/7) |
| **SWITZERLAND** | | | | | | |
| Swiss Bank Cpn. (31/12/58) | 480.6 | 478.4 | 487.2 | 481.4 | 498.3 (11/9) | 388.7 (3/1) |
| **WORLD** | | | | | | |
| Capital Intl. (1/1/70) | u | 223.1 | 225.1 | 225.0 | 225.1 (4/10) | 184.8 (4/1) |

* Indicates pre-close figure ** Saturday October 5 Japan Nikkei Dow 12,758.88 TSE 1,023.88 Base values of all indices are 100 except Australia All Ordinary and Metals – 500 NYSE All Common – 50 Standard and Poors – 10† and Toronto Composite and Metals – 1000 Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds ‡ 400 Industrials § 400 Industrials plus 40 Utilities Financials and 20 Transports c Closed u. Unavailable

# OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 35

| Stock | | Sales (Hnds) | High | Low | Last | Chng |
|---|---|---|---|---|---|---|
| Quixote | | 33 | 12¾ | 12½ | 12¾ | +⅛ |
| ScanOp | | 3 | 7⅞ | 7⅞ | 7⅞ | −¼ |
| ScanTr | | 9 | 15¼ | 15¼ | 15¼ | |
| Scherer | .32 | 18 | 12½ | 12½ | 12½ | |
| SchimA | .40 | 14 | 23¾ | 23¼ | 23¾ | +½ |
| SymbT | | 495 | 8¾ | 8½ | 8⅝ | −⅛ |
| Syntech | | 78 | 10⅞ | 10½ | 10⅝ | −⅛ |
| Syntrex | | 84 | 3⅜ | | | |
| VSE | .16e | 20 | 9½ | 9¼ | 9½ | −¼ |
| ValidLo | | 711 | 6½ | 6¼ | 6⅜ | −⅛ |
| ValFSL | | 282 | 15½ | 14⅝ | 14¾ | −½ |
| ValNtl | 1.20 | 489 | 37⅛ | 36⅞ | 37⅛ | |
| VanDus | .40 | 54 | 18 | 17⅞ | 17⅞ | |
| [illegible] | | | | | | |

## LONDON
Chief price changes (in pence unless otherwise indicated)

| RISES | | | FALLS | | |
|---|---|---|---|---|---|
| Armstr Equip | 67 | + 9 | Argyll Group | 328 | − 7 |
| Burmah Oil | 310 | + 6 | Bullough | 199 | −11 |
| French Kier | 201 | +12 | Christies Intl. | 243 | −12 |
| Hunter | 142 | + 4 | Good Relations | 143 | −10 |
| Metal Box | 495 | +15 | Hepworth (J) | 218 | − 8 |
| Meyer Intl | 153 | + 6 | Horizon Travel | 78 | − 5 |
| Oil Search | 34 | + 6 | Mercantile Hse. | 252 | −17 |
| Porter Chadburn | 277 | +10 | Mills & Allen | 335 | −18 |
| Sparrow (GW) | 66 | +18 | Norbain Elects. | 230 | −35 |
| Sun (UK) Royalty | 180 | + 5 | Our Price | 575 | −25 |
| | | | Sears | 105 | − 6 |
| | | | Tate & Lyle | 480 | −10 |

*Prices at 3pm, October 8*

# NEW YORK STOCK EXCHANGE COMPOSITE PRICES

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 24⅝ | 16 | AAR | .56 | 2.6 | 14 | 25 | 21⅝ | 21⅜ | 21⅜ | −⅜ |
| 17⅜ | 9¾ | AGS | | | 12 | 28 | 14⅞ | 14½ | 14⅝ | −⅜ |
| 50¾ | 26¼ | AMR | | | 6 | 2768 | 38½ | 37⅝ | 37¾ | −½ |
| 23⅝ | 18⅝ | AMR pf2.18 | | 9.4 | | 7 | 23¼ | 23¼ | 23¼ | −¼ |
| 25⅞ | 23 | ANR pf 2.67 | | 11. | | 162 | 23⅝ | 23½ | 23½ | −⅛ |
| 14¼ | 7⅜ | APL | | | | 30 | 9⅝ | 9⅝ | 9⅝ | +⅛ |
| 61⅞ | 34¾ | ASA | 2 | 5.2 | | 134 | 39 | 38½ | 38½ | −⅝ |
| 27 | 11½ | AVX | .32 | 2.7 | 17 | 14 | 11⅞ | 11⅝ | 11¾ | +½ |
| 28⅝ | 19¼ | AZP | 2.72 | 12. | 7 | 467 | 23½ | 23¼ | 23⅜ | +¼ |
| 60 | 38¾ | AbtLab 1.40 | | 2.6 | 15 | x1113 | 54⅝ | 53⅝ | 53⅝ | −¾ |
| 25⅞ | 19⅝ | AccoWd .50 | | 2.5 | 15 | 95 | 20 | 19⅞ | 20 | |
| 24¾ | 12¼ | AcmeC .40 | | 3.1 | | 20 | 13¼ | 13 | 13 | +⅛ |
| 10½ | 7⅜ | AcmeE .32b | | 4.3 | 11 | 46 | 7⅝ | 7½ | 7½ | −⅛ |
| 19 | 15½ | AdaEx 1.92e | | 11. | | 39 | 17⅝ | 17¼ | 17⅜ | −⅛ |
| 20 | 13½ | AdmMl .32 | | 1.9 | 7 | 26 | 17⅛ | 17⅛ | 17⅛ | |
| 17¾ | 8⅝ | AdvSys .53t | | 3.9 | 20 | 69 | 13¾ | 13⅝ | 13¾ | −¼ |
| 37⅝ | 22⅛ | AMD | | | 14 | 6358 | 24½ | 23⅝ | 23⅞ | −1⅛ |
| 12⅜ | 8⅞ | Advest .12 | | 1.4 | 20 | 22 | 9 | 8⅞ | 8⅞ | −¼ |
| 15⅞ | 10 | Aeflex | | | 12 | 742 | 14⅝ | 14 | 14⅝ | +⅛ |
| 49⅝ | 32⅝ | AetnLf 2.64 | | 6.0 | 15 | 1418 | 44 | 43¾ | 44 | +⅝ |
| 57½ | 52⅜ | AetL pf5.41e | | 9.8 | | 168 | 55½ | 55¼ | 55¼ | −½ |
| 37⅜ | 21 | Ahmns 1.20 | | 4.0 | 8 | 1761 | 31 | 29⅞ | 30¼ | +⅛ |
| 57 | 42 | AirPrd 1.48 | | 2.7 | 12 | 209 | 54¾ | 54¼ | 54⅜ | −¼ |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

We regret full New York stock price listings were not available for this edition due to communication problems.

Continued on Page 35

# NYSE COMPOSITE PRICES

Continued from Page 34

| 12 Month High | Low | Stock | Div. | Yld. | P/E | Sls 100s | High | Low | Close Quote | Ch'ge Prev. Close |
|---|---|---|---|---|---|---|---|---|---|---|
| 21⅝ | 16 | SabnRy2.41e | | 14. | | x58 | 17⅞ | 17½ | 17½ | −¼ |
| 20⅝ | 12¼ | SigdBs | .30 | 1.7 | 16 | 26 | 17⅞ | 17⅛ | 17¼ | |
| 12¾ | 5⅞ | SigdSc | | | 25 | 114 | 9¼ | 9 | 9 | −⅛ |
| 36⅝ | 23¼ | SafKin s | .40 | 1.2 | 22 | 129 | 33¼ | 32¾ | 33¼ | |
| 34⅞ | 24¾ | Safewy1.60 | | 4.9 | 8 | 776 | 32⅝ | 32¼ | 32½ | +⅛ |
| 35 | 22 | Saga | .52 | 2.4 | 10 | 230 | 22¼ | 22 | 22⅛ | |
| 23 | 17⅞ | StJoLP1.72 | | 8.5 | 7 | 9 | 20⅜ | 20⅛ | 20¼ | −¼ |
| 17⅝ | 9½ | SPaul | 1.08 | 11. | | 14 | 10⅛ | 10 | 10⅛ | |
| 8⅜ | 3⅞ | vjSalant | | | | 16 | 6⅜ | 6¼ | 6¼ | |
| 35¾ | 24⅛ | SallieM | .16 | .5 | 14 | 497 | 31⅞ | 31¼ | 31½ | −½ |
| 28⅝ | 20¾ | SDieGs2.24 | | 8.6 | 9 | 2324 | 26⅜ | 25⅞ | 26 | +⅛ |
| 9¾ | 6¾ | SJuanB80e | | 11. | 10 | 55 | 8⅝ | 8½ | 8½ | −⅛ |
| 12⅛ | 8⅞ | SJuanR | | | 20 | 2 | 10⅜ | 10⅜ | 10⅜ | −⅛ |
| 44 | 31 | Sandr | .60 | 1.8 | 16 | 461 | 34½ | 33½ | 33⅝ | −⅞ |
| 25⅝ | 20 | SAnitRt1.94 | | 7.9 | 13 | 50 | 24⅝ | 24⅛ | 24⅝ | +⅛ |
| 35⅝ | 23⅜ | SFeSoP | 1 | 3.0 | 14 | 2048 | 33⅛ | 32¾ | 32⅞ | +⅛ |
| 46 | 30 | SaraLe | 1.44 | 3.3 | 12 | 601 | 44⅜ | 43¾ | 43⅞ | +⅛ |
| 35⅞ | 28⅛ | SglWel | 1.40 | 4.1 | 15 | 28 | 34½ | 34 | 34½ | +⅛ |
| 19⅞ | 15⅜ | SaulRE | .20 | 1.1 | 47 | 1 | 18¼ | 18¼ | 18¼ | −⅛ |
| 22¼ | 16⅞ | SavEIP1.80 | | 8.2 | 7 | 43 | 18¾ | 18½ | 18½ | −⅛ |
| 12½ | 10⅛ | SavE | pf1.28 | 11. | | 15 | 11⅛ | 11 | 11⅛ | +⅛ |
| 9⅛ | 5 | Savin | | | | 46 | 6¼ | 6⅛ | 6⅛ | −⅛ |
| 13¼ | 9¾ | Savin | pf1.50 | 12. | | 2 | 12⅝ | 12⅝ | 12⅝ | +⅛ |
| 26⅞ | 21¼ | SCANA2.16 | | 8.8 | 8 | 352 | 24½ | 24¼ | 24½ | |
| 52½ | 33 | SchrPld.68 | | 3.4 | 14 | 1218 | 49⅝ | 48¾ | 49 | −⅜ |
| 45⅞ | 33⅛ | Schlmb1.20 | | 3.5 | 9 | 1867 | 34¼ | 33⅞ | 34 | |
| 14⅞ | 8 | SciAtl | .12 | 1.1 | 16 | 454 | 11⅛ | 11 | 11⅛ | +¼ |
| 33 | 22⅝ | ScoaInd78j | | | 13 | 197 | 32¼ | 32¼ | 32¼ | |
| 61½ | 53 | ScotFet.90e | | 1.6 | 10 | 628 | 55⅛ | 54¾ | 54¾ | −¼ |
| 44½ | 29¾ | ScottP | 1.24 | 3.1 | 10 | 756 | 41½ | 40 | 40½ | −¾ |
| 16⅝ | 12½ | Scottys | .52 | 4.0 | 10 | 51 | 13 | 12¾ | 12⅞ | |
| 45 | 24¾ | SeaCnt | .42 | 1.3 | 8 | 23 | 33⅝ | 33⅛ | 33¼ | −⅛ |
| 13 | 10⅛ | SeaCt | pf1.46 | 12. | | 5 | 12⅜ | 12¼ | 12¼ | −⅛ |
| 16⅞ | 13⅜ | SeaC | pfB2.10 | 13. | | 11 | 15¾ | 15¾ | 15¾ | |
| 16⅞ | 13¼ | SeaC | pfC2.10 | 13. | | 11 | 15⅝ | 15⅝ | 15⅝ | −⅛ |
| 32⅝ | 22¾ | SooLin | 1.20 | 3.9 | 25 | 12 | 31 | 30⅝ | 31 | |
| 40¼ | 32⅝ | SourcC3.30 | | 8.9 | | 16 | 37½ | 37⅛ | 37¼ | −⅛ |
| 23¼ | 18¾ | SrcCp | pf2.40 | 11. | | 6 | 22⅛ | 22⅛ | 22¼ | |
| 30½ | 24⅛ | SoJerln2.48 | | 9.3 | 11 | 14 | 26⅞ | 26¾ | 26¾ | |
| 49½ | 38½ | Soudwn | 1 | 2.2 | 11 | 332 | 45⅝ | 45¼ | 45⅜ | −¼ |
| 35 | 24⅝ | SoetBk | 1.20 | 4.0 | 10 | 7 | 29¾ | 29¾ | 29¾ | −⅛ |
| 27⅞ | 21 | SCalEd2.16 | | 9.2 | 7 | 4347 | 23¾ | 23¼ | 23⅜ | −⅛ |
| 23⅛ | 17⅛ | SouthCo2.04 | | 10. | 6 | 1901 | 19⅝ | 19⅜ | 19¾ | |
| 26¾ | 20 | SoInGas1.80 | | 7.5 | 8 | 8 | 24 | 23⅞ | 24 | +⅛ |
| 44 | 30⅞ | SNETl | 2.72 | 7.3 | 10 | 74 | 37⅜ | 37⅛ | 37⅛ | −⅜ |
| 39⅝ | 32 | SoNE | pf3.62 | 9.8 | | 14 | 36⅞ | 37¼ | 36⅞ | +⅛ |
| 31 | 24½ | SoUnCo.72 | | 6.3 | | 22 | 27¼ | 27¼ | 27¼ | −⅛ |

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.



# AMEX COMPOSITE PRICES

*Prices at 3pm, October 8*

*We regret that due to communications problems this listing is incomplete.*

# OVER-THE-COUNTER

*Nasdaq national market, 2.30pm prices*

Continued on Page 33

# FINANCIAL TIMES
## WORLD STOCK MARKETS

### WALL STREET

# Uneasy wait for federal debt ceiling

THE DELAY in Senate approval for the increased federal debt ceiling continued to unsettle the U.S. securities markets yesterday, *writes Terry Byland in New York.*

Bond and stock prices moved narrowly around their overnight levels in sluggish trading.

The stock market was featured by weakness in defence stocks and by weak spots among computer companies.

Takeover issues returned to centre stage, but the market leaders shaded lower as the first corporate results for the third quarter began to reach the marketplace.

At the close the Dow Jones industrial average was 1.12 down at 1,325.49.

In an expected response to the delay to the federal funding programmes, the Federal Reserve acted to drain liquidity from the market by making matched sales and repurchases when federal funds stood at 7 11/16 per cent.

The Treasury, announcing its cash balances were nearing zero, said that, as soon as the new debt ceiling was approved, it would auction $5bn in short-term bills. The bond market expects a futher $50bn or so in Treasury funding before Christmas.

Bonds, a shade easier at first, steadied at mid-session but continued to lack retail support and underlying confidence.

Among computer stocks, IBM eased $¼ to $124 and Honeywell $1 to $59¾. Digital Equipment fell $3⅞ to $103⅞ on bearish reports from a meeting between the board and brokerage analysts.

International Paper, the world industry leader, eased $⅛ to $45⅞ after disclosing a sharp fall in quarterly profits. Other paper industry stocks, also due to report this week, showed a scattering of small losses in thin trading.

Time Inc fell $2⅛ to $54 on a profits warning from the directors which unsettled other media stocks, including CBS, down $1¼ to $117.

In the healt-care sector, sorely battered by last week's selling. Humana steadied at $27⅛ in brisk turnover after announcing higher earnings for its fourth quarter. Hospital Corporation of America, which has forecast a 10 per cent rise for its third quarter, to be followed by a flat fourth quarter, added $½ to $28¾, helped by the trading of some large blocks of stock.

Heavy trading in American Medical International left the stock $½ higher at $18.

Stock in Rubbermaid eased $⅜ to $25⅞ despite better results, and IC Industries, at $30¾, shed $½, also after trading news.

Some special features enlivened the market. Manville reacted to the board forecast of a loss for the third quarter and full year by easing $⅛ to $5½. BankAmerica edged up $⅛ to $13⅞ after selling two financing units to Chrysler for $405m.

Defence stocks took a beating after Drexel Burnham Lambert removed the sector from its "buy" list. General Dynamics fell $2⅝ to $66¾, although trading was light. Also hit were McDonnell Douglas, down $2⅛ at $66⅞, and Northrop, down $1⅞ at $42⅝.

Boeing dipped $1 to $43½, but Lockheed rallied from its lowest point to show a fall of $⅝ at $45⅛, and Litton was only $¼ off at $67.

In bid stocks, Beatrice Foods, in another burst of heavy trading, jumped $1⅞ to $40⅞ although the board refused to comment on market suggestions that it was preparing a management buyout at "above $45 share."

With the bid struggle approaching its conclusion, SCM edged up $½ to $73 in busy trading as Hanson Trust made a tender offer of $75 a share cash for the two thirds of the equity not already held by Hanson.

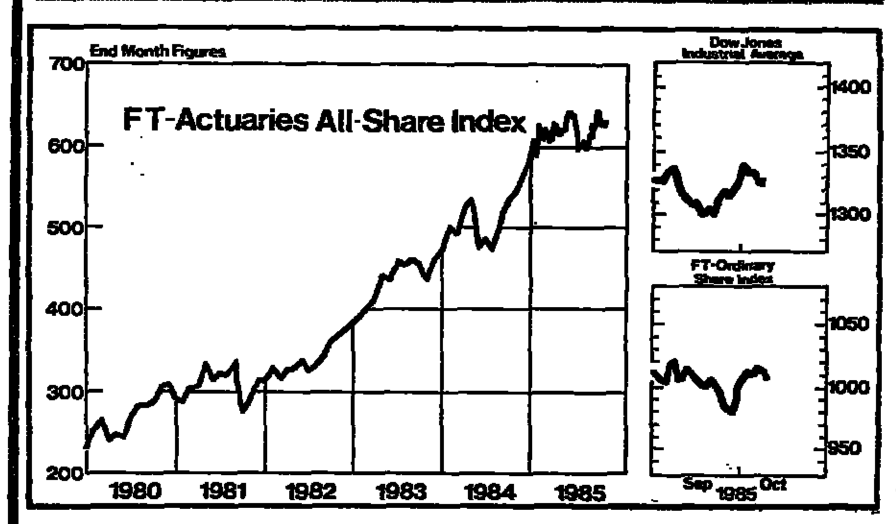
Lowenstein gained $1¼ to $62¼ to match the $63 offered by Spring Industries. Bid excitement in the cosmetics industry turned towards Avon Products, pushing the stock up $¼ to $24⅞.

Stock in Frontier Holdings resumed trading at $21, up $1⅝ after the increased offer from Texas Air.

Pharmaceuticals had another difficult session. Monsanto, unsettled recently by legal attacks on a drug produced by its newly acquired subsidiary, G.D. Searle, rallied $1 to $42¼. But Pfizer fell $1⅛ to $44⅝ and Upjohn $2¼ to $109⅝. Warner-Lambert recouped $1⅛ of Monday's fall to stand at $35½.

Bond prices edged higher as it became clear that the Treasury funding plan was still delayed by the Senate wrangle over the new debt ceiling. Short-term rates were firm, with federal funds remaining at 7 11/16 per cent despite the Fed's intervention.

## KEY MARKET MONITORS




**STOCK MARKET INDICES**

| | Oct 8 | Previous | Year ago |
|---|---|---|---|
| **NEW YORK** | | | |
| DJ Industrials | 1,322.69* | 1,324.37 | 1,177.89 |
| DJ Transport | 639.86* | 642.32 | 513.42 |
| DJ Utilities | 153.47* | 154.08 | 138.42 |
| S&P Composite | 181.54* | 181.87 | 162.13 |
| **LONDON** | | | |
| FT Ord | 1,007.2 | 1,012.4 | 866.2 |
| FT-SE 100 | 1,303.3 | 1,306.9 | 1,139.0 |
| FT-A All-share | 633.53 | 635.65 | 535.44 |
| FT-A 500 | 694.92 | 697.67 | 581.81 |
| FT Gold mines | 289.2 | 287.4 | 557.6 |
| FT-A Long gilt | 10.20 | 10.18 | 10.30 |
| **TOKYO** | | | |
| Nikkei-Dow | 12,835.21 | 12,792.00 | 10,676.90 |
| Tokyo SE | 1,029.00 | 1,025.20 | 833.11 |
| **AUSTRALIA** | | | |
| All Ord. | 1,017.6 | 1,017.0 | 745.3 |
| Metals & Mins. | 529.2 | 530.5 | 455.1 |
| **AUSTRIA** | | | |
| Credit Aktien | 100.82 | 103.34 | 56.16 |
| **BELGIUM** | | | |
| Belgian SE | 2,522.77 | 2,525.85 | – |
| **CANADA** | | | |
| **Toronto** | | | |
| Metals & Minls | 1,843.5* | 1,867.0 | 1,964.0 |
| Composite | 2,626.6* | 2,650.2 | 2,366.2 |
| **Montreal** | | | |
| Portfolio | 127.31* | 128.67 | 115.82 |
| **DENMARK** | | | |
| SE | n/a | 225.9 | 172.49 |
| **FRANCE** | | | |
| CAC Gen | 205.4 | 205.0 | 181.6 |
| Ind. Tendance | 115.6 | 115.1 | 97.4 |
| **WEST GERMANY** | | | |
| FAZ-Aktien | 544.92 | 545.31 | 366.24 |
| Commerzbank | 1,602.9 | 1,604.9 | 1,068.1 |
| **HONG KONG** | | | |
| Hang Seng | 1,606.53 | 1,617.76 | 963.5 |
| **ITALY** | | | |
| Banca Comm. | n/a | 411.3 | 210.82 |
| **NETHERLANDS** | | | |
| ANP-CBS Gen | 208.8 | 210.2 | 176.2 |
| ANP-CBS Ind | 183.5 | 185.5 | 137.1 |
| **NORWAY** | | | |
| Oslo SE | 376.46 | 373.65 | 257.4 |
| **SINGAPORE** | | | |
| Straits Times | 760.72 | 763.59 | 859.62 |
| **SOUTH AFRICA** | | | |
| JSE Golds | – | 1,049.8 | 1,015.8 |
| JSE Industrials | – | 971.6 | 859.4 |
| **SPAIN** | | | |
| Madrid SE | 115.75 | 115.75 | 109.85 |
| **SWEDEN** | | | |
| J & P | 1,374.21 | 1,375.35 | 1,451.75 |
| **SWITZERLAND** | | | |
| Swiss Bank Ind | 480.6 | 476.4 | 373.0 |
| **WORLD** | Oct 7 | Prev | Year ago |
| Capital Int'l | 223.1 | 225.1 | 181.6 |

**GOLD (per ounce)**

| | Oct 8 | Prev |
|---|---|---|
| London | $326.25 | $326.75 |
| Zürich | $326.25 | $326.45 |
| Paris (fixing) | $326.14 | $328.09 |
| Luxembourg | $326.35 | $326.30 |
| New York (Dec) | $330.10* | $330.50 |

* Latest available figure

**CURRENCIES**

| (London) | U.S. DOLLAR Oct 8 | U.S. DOLLAR Previous | STERLING Oct 8 | STERLING Previous |
|---|---|---|---|---|
| $ | – | – | 1.413 | 1.4135 |
| DM | 2.6455 | 2.65 | 3.7375 | 3.745 |
| Yen | 215.95 | 215.4 | 305.25 | 304.5 |
| FFr | 8.07 | 8.08 | 11.4025 | 11.42 |
| SwFr | 2.1695 | 2.169 | 3.065 | 3.065 |
| Guilder | 2.977 | 2.986 | 4.205 | 4.22 |
| Lira | 1,784.0 | 1,782.5 | 2,520.75 | 1,519.5 |
| BFr | 53.75 | 53.7 | 75.92 | 75.9 |
| C$ | 1.3675 | 1.3675 | 1.935 | 1.9341 |

**INTEREST RATES**

| | Oct 8 | Prev |
|---|---|---|
| **Euro-currencies** (3-month offered rate) | | |
| £ | 11⅝ | 11 9/16 |
| SwFr | 4⅝ | 4⅝ |
| DM | 4 11/16 | 4 11/16 |
| FFr | 10⅝ | 10 11/16 |
| **FT London Interbank fixing** (offered rate) | | |
| 3-month U.S.$ | 8⅛ | 8⅛ |
| 6-month U.S.$ | 8⅜ | 8⅜ |
| **U.S. Fed Funds** | 7 11/16* | 7¾ |
| **U.S. 3-month CDs** | 7.90* | 7.80 |
| **U.S. 3-month T-bills** | 7.15* | 7.055 |

**U.S BONDS**

| Treasury | Oct 8* Price | Oct 8* Yield | Prev Price | Prev Yield |
|---|---|---|---|---|
| 9 1987 | 100 9/32 | 8.95 | 100 9/32 | 8.945 |
| 10⅝ 1992 | 100 29/32 | 10.24 | 100 19/32 | 10.255 |
| 10½ 1995 | 100 24/32 | 10.36 | 100 15/32 | 10.398 |
| 10⅝ 2015 | 99 27/32 | 10.64 | 99 23/32 | 10.658 |
| **Corporate** | | | | |
| AT & T | | | | |
| 10⅜ June 1990 | 100⅜ | 10.35 | 100⅜ | 10.35 |
| 3⅞ July 1990 | 81¾ | 8.65 | 81¾ | 8.65 |
| 8¾ May 2000 | 83¾ | 11.10 | 83⅞ | 11.00 |
| Xerox | | | | |
| 10⅞ Mar 1993 | 98⅝ | 11.00 | 98⅞ | 10.95 |
| Diamond Shamrock | | | | |
| 10¾ May 1993 | 96⅝ | 11.35 | 96⅞ | 11.30 |
| Federated Dept Stores | | | | |
| 10⅞ May 2013 | 93½ | 11.40 | 93⅞ | 11.35 |
| Abbot Lab | | | | |
| 11.80 Feb 2013 | 102½ | 11.50 | 102⅞ | 11.45 |
| Alcoa | | | | |
| 12¼ Dec 2012 | 98⅞ | 12.40 | 99⅜ | 12.35 |

Source: Salomon Bros

**FINANCIAL FUTURES**

| CHICAGO | Latest | High | Low | Prev |
|---|---|---|---|---|
| **U.S. Treasury Bonds (CBT)** 8% 32nds of 100% | | | | |
| Dec | 74-28 | 74-30 | 74-15 | 74-20 |
| **U.S. Treasury Bills (IMM)** $1m points of 100% | | | | |
| Dec | 92.78 | 92.81 | 92.74 | 92.80 |
| **Certificates of Deposit (IMM)** $1m points of 100% | | | | |
| Dec | 91.99 | 91.99 | 91.97 | 91.97 |
| **LONDON** | | | | |
| **Three-month Eurodollar** $1m points of 100% | | | | |
| Dec | 91.65 | 91.68 | 91.63 | 91.64 |
| **20-year Notional Gilt** £50,000 32nds of 100% | | | | |
| Dec | 113-04 | 113-09 | 112-30 | 113-06 |

**COMMODITIES**

| (London) | Oct 8 | Prev |
|---|---|---|
| Silver (spot fixing) | 442.10p | 440.60p |
| Copper (cash) | £991.00 | £993.50 |
| Coffee (Nov) | £1,609.00 | £1,582.00 |
| Oil (spot Arabian Light) | $27.85 | $27.85 |

### TOKYO

# Blue chips lack power to lead way

BLUE CHIPS firmed and large-capital issues found buyers in Tokyo yesterday, but many investors remained cautious, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average rose 43.12 – the fourth consecutive gain – to 12,835.21. Trading expanded from 253m shares on Monday to 383m. Gains outnumbered losses 423 to 370, with 149 issues unchanged.

An investment trust bought 500,000 shares each of Matsushita Electric Industrial and Sumitomo Electric Industries, encouraging investors to buy blue-chip electricals and precision instruments.

Matsushita Electric Industrial advanced Y20 to Y1,140, Sumitomo Electric Industries Y26 to Y775 and Sony Y70 to Y3,560. Nippon Kogaku closed Y9 higher at Y789 and Olympus Optical Y10 at Y1,010.

However, many blue chips seem to lack the power to lead the market because of the potential impact of U.S.-Japanese trade friction. They are also prone to business deterioration, due to the yen's appreciation.

Nippon Steel topped the active list with 25.1m shares, gaining Y1 to Y196. Mitsubishi Heavy Industries finished Y8 up at Y458, Tokyo Gas added Y7 to Y325 and Tokyo Electric Power rose Y40 to Y2,630.

Major securities houses sought large-capital stocks. A dealer said technical market indicators were showing signs that the price adjustment of large-capital stocks had been completed. But buying was weaker than it was from late September to early October.

Toray advanced Y10 to Y578 with the day's second busiest trading of 17m shares. Nippon Express, a stock with off-the-book assets, jumped Y17 to Y687.

Government measures to expand domestic demand, due on October 15, pushed up housing-related issues. Sekisui Chemical was Y27 up at Y633 and Sekisui House Y16 up at Y964.

Transactions of Minebea shares grew on a rumour that Glen International Financial Service of Britain would try to take over the Japanese ball-bearing producer in co-operation with Trafalgar Holdings of the U.S. The Minebea price rose Y41 to Y805.

Biotechnologies lost ground after gaining on Monday due to speculative buying, with Kaken Pharmaceutical losing Y40 to Y3,050 and Dainippon Pharmaceutical Y30 to Y1,130.

Speculative buying by a leading securities house spurred trading in the barometer 6.8 per cent government bonds, maturing in December 1994, and the yield dropped to 5.555 per cent from 5.595 per cent on Monday.

Bond prices opened firm, reflecting Bank of Japan Governor Satoshi Sumita's remark that the yen rate should be guided to 210 or lower to the dollar.

But as the yen eased to the 215 level in Tokyo yesterday, a wait-and-see mood prevailed among dealers, dampening trade.

### HONG KONG

PROFIT-TAKING developed in Hong Kong after two days of solid gains, and the Hang Seng index retreated 11.23 to 1,606.53.

International City Holdings rose 9 cents to 97 cents after a one-day suspension following the bid for the outstanding shares in ICH by Hutchison Whampoa and Hongkong Electric. Hutchison turned 10 cents cheaper at HK$26.90, and HK Electric was steady at HK$8.05. Cheung Kong, presently holding a 30.7 per cent stake in ICH, lost 10 cents to HK$18.80.

Moving against the weaker trend was Jardine Matheson, 10 cents up at HK$12.30 on further speculation that the company will be the next corporate takeover target.

### EUROPE

# Partial retreat from peaks

A PARTIAL retreat from record heights was staged on the European bourses yesterday as investors were caught in the cross-fire of technical profit-taking.

Milan was the exception. An early fall, precipitated by the reports that Fiat and Ford had decided to scrap joint-venture talks, was overturned, and the broader market found more encouragement from the recent batch of hearty first-half results. Mutual fund buying was also in evidence.

Fiat naturally lost ground, dipping a further L14 from Friday's record level to finish at L4,756. Banks were generally firm, with Banca Commerciale picking up L380 to L26,600 while insurer Toro traded L65 higher at L3,880.

Saipem, the oil services group, continued to break fresh ground with a L39 advance to L6,989, a high for the year, while Italcementi scored a L1,020 rise to L50,000. Ciga was also actively traded, adding L180 to L12,175.

Among the recently favoured internationals, Olivetti added L90 to L7,600 and Montedison shed L19 to L2,331.

At the close, the Banca Commerciale index peaked at 413.33, up 2.20, but sentiment turned somewhat easier in after-hours trading.

Frankfurt staged a mixed performance bolstered by mild institutional buying but peppered with sporadic profit-taking.

The Commerzbank index shed 2.0 points of Monday's peak level to 1,602.9.

AEG featured with a DM 14.50 jump to a new high for the year of DM 171.50 amid reports, strenuously denied by both parties, that Robert Bosch, the automotive electrical group, was about to stage a takeover.

Retailers encountered a broad sell-off, with Karstadt taking the brunt of the pressure with a DM 13 fall to DM 269.

Banks made progress, with Deutsche Bank DM 2.50 higher at DM 672.50, just below its high for the year set on Friday.

Rosenthal, the ceramics group which has been hitting new highs in recent weeks, was mauled by the profit-takers again with another DM 5 decline to DM 313.

The bond market witnessed massive Bundesbank intervention in an attempt to prevent a total collapse of prices which slumped by up to one full point in places. The central bank bought DM 231.9m of paper after buying DM 46.4m on Monday.

Brussels also took a step back from record highs, with the Belgian Stock Exchange index 3.08 down at 2,522.77. Pre-election caution was cited for the decline.

Market leader Petrofina nevertheless managed a BFr 30 advance to BFr 6,280, and Gevaert rose BFr 25 to BFr 4,375. Groupe Bruxelles Lambert shed BFr 20 of Monday's advance to finish at BFr 2,210, and utility Intercom dipped BFr 10 to BFr 2,445. Retailers Delhaize sprinted BFr 90 ahead to BFr 8,190.

Amsterdam internationals were mixed although banks and insurers initiated a recovery from recent setbacks.

Unilever posted a Fl 2 gain to Fl 320, and Philips edged 20 cents ahead to Fl 46.4. Aegon put on Fl 2.20 to Fl 88.70 while Amev notched up a Fl 3.50 rally to Fl 270. ABN dipped Fl 1 to Fl 482 ex-rights.

A six-day decline was halted in a stronger Paris as prices rebounded largely on technical buying.

Features included Matra's FFr 20 rise to FFr 1,660, Moët-Hennessy's FFr 32 gain to FFr 1,770 and Carrefour's FFr 10 retreat to FFr 2,180.

Zurich was barely changed in moderate volume while leading industrials lost ground in a lower Stockholm. Madrid was narrowly mixed in quiet trading.

### SINGAPORE

SPECULATIVE issues dominated Singapore which closed mixed in fairly active trading.

The Straits Times industrial index continued its downward trend to lose 2.87 to 760.72 on turnover of 16.7m, down on Monday's figure of 17.7m.

Among actives, Arab Malaysia Development added 7 cents to 92 cents, and Raleigh put on 10 cents to S$3.60.

Falls included Boustead Holdings, down 1 cent to S$1.57, DBS, down 5 cents at S$5.30, and Singapore Press, which shed 1 cent to S$6.00.

### SOUTH AFRICA

DIRECTIONLESS and sombre trading left Johannesburg little changed. Gold Fields SA closed steady at R33.50 as did FS Geduld at R58.75.

Mining financials and other minings followed the uncertain trend. Anglo American Corporation added 25 cents to R32.50, and Rustenburg Platinum was 6 cents up at R21.10. Diamond share De Beers was steady at R12.25.

### AUSTRALIA

# Fresh high fuelled by oil and gas

STRONG oil and gas shares and renewed support for industrials helped Sydney to edge up to another new peak.

The All Ordinaries index closed 0.6 higher at 1,017.6 as local buying offset profit-taking which took its toll of BHP. It closed 4 cents down at A$8.44. Bell Group, however, added 8 cents to A$11.60.

Other industrials to show gains included Bond Corp Holdings, which was up 23 cents to A$2.30, Herald and Weekly Times, which rose 20 cents to A$5.50, and Myer Emporium, which added 5 cents to A$3.60.

Oil and gas issues to rise included Santos, up 18 cents at A$5.64, and Vamgas, which rose 3 cents to A$3.63. Banks were mixed, with ANZ Group up 4 cents at A$5.14, National Australia down 11 cents at A$4.82 and Westpac steady at A$5.10.

### LONDON

THE downward drift continued in London as investor enthusiasm waned, and the FT Ordinary index closed 5.2 lower at 1,007.2.

Among actives Bowthorpe closed 3p down at 327p, Falcon Resources shed 3p to 40p and Sears lost 6p to 105p.

Actives showing gains included Metal Box, 15p up at 495p, and Sparrow (G.W.), 18p up at 86p.

Gilts eased generally, with medium and long-dated stocks marked down ¼ and shorts 1/16 or more lower.

*Chief price changes, Page 33; Details, Page 32; Share information service, Page 30–31*

### CANADA

A BROAD decline was sustained in Toronto with financial institutions lower in active trading.

Royal Bank of Canada lost C$½ to C$30, Bank of Nova Scotia was C$⅛ down at C$12⅝ and Bank of British Columbia eased 15 cents to C$4.80.

Other actives were Northern Telecom, down C$⅜ to C$43½, and Laidlaw, which shed C$⅜ to C$13⅝.

In Montreal, industrials, utilities and banks all traded lower.